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THE BASIS AND POLICY OF
SOCIALISM

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THE BASIS & POLICY OF SOCIALISM

By

SIDNEY WEBB, L.C.C., AND THE
FABIAN SOCIETY

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Note.—The calculations of National Income and National Wealth and other figures in the following pages have been revised for this edition, and relate to the year 1905-6, the latest for which the data are available.

THE BASIS AND POLICY OF SOCIALISM

I. FACTS FOR SOCIALISTS

"No one can contemplate the present condition of the masses of the people without desiring something like a revolution for the better." (SIR R. GIFFEN, *Essays in Finance*, vol. ii. p. 393.)

I. The Nation's Income.

THE annual income of the United Kingdom has been estimated by the following authorities :—

Sir Louis Mallet, K.C.S.I. (India Office), 1883-4,	£
<i>National Income and Taxation</i> (Cobden Club), p. 23	1,289,000,000
Professor Leone Levi (King's College, London), <i>Times</i> , January 13th, 1885	1,274,000,000
Professor A. Marshall (Cambridge University), Report of Industrial Remuneration Conference, p. 194 (January, 1885), upwards of	1,125,000,000
Mr. Mulhall (1892), <i>Dictionary of Statistics</i> , p. 320, Income for 1889	1,285,000,000
Sir R. Giffen, <i>The Wealth of the Empire</i> , Journal of Royal Statistical Society, vol. lxvi., part iii. 1903	1,750,000,000
Mr. A. L. Bowley, M.A. (Appointed Teacher of Statistics, University of London), <i>Economic Journal</i> , September, 1904; Income for 1903	1,800,000,000
Mr. L. G. Chiozza Money, M.P., 1908 <i>Daily Mail Year Book</i> ; Income for 1907 ..	1,750,000,000

The gross assessments to income tax have risen from £601,450,977 in 1881-2 to £925,184,556 in 1905-6 (Inland Revenue Reports, C.—4,474 and Cd.—3,686). Allowing for a corresponding rise in the incomes not assessed and in the wages of manual labour, we may estimate the income for 1905-6 at not less than £1,920,000,000. The

population in 1901 being nearly 41,500,000 (Cd.—1,727), the average annual income is about £46½ per head, or £185 per adult man.¹ In 1840 it was about £20½, and in 1860 £26½ per head (Mr. Mulhall, *Dictionary of Statistics* p. 245).

These figures (which are mainly computed from income-tax returns and estimated average rates of wages) mean that the price in money of the commodities and services produced in the country during the whole course of a year was about £185 per adult man.² Most of these commodities and services were used up within that period in maintaining the 41,500,000 inhabitants, and Sir R. Giffen estimates that about

£200,000,000 is "saved" annually (*Essays in Finance*, vol. ii., p. 407). The bulk of this "saving" consists of new houses and of new railways, steamers, machinery, and other aids to future labour.

For subsequent comparison the total is represented by the annexed figure.

II. Who produces it.—The desirable commodities and useful services measured by this vast sum are produced solely by the "efforts and sacrifices" (Cairnes), whether

¹ It has been assumed throughout that one person in every four is an adult male, and that there are, on an average, five persons to each family group.

² It may be observed that the estimated amount of "money" or currency in the country is about £130,000,000, or under £4 per head, including bank notes. Gold coin and bullion, between £80,000,000 and £100,000,000; silver and bronze, £15,000,000; bank notes, beyond gold reserves, £24,000,000 (W. S. Jevons, *Investigations in Currency and Finance*, p. 272; Report of Deputy-Master of the Mint, 1889; Mr. Goschen's speech on Second Reading of the Coinage Act, 1891).



of muscle or of brain, of the working portion of the community, employed upon the gifts of Nature.

Adam Smith "showed that labour is the only source of wealth. . . . It is to labour, therefore, and to labour only, that man owes everything possessed of exchangeable value" (McCulloch's *Principles of Political Economy*, part ii., sec. i.).

"No wealth whatever can be produced without labour" (Professor Henry Fawcett (Cambridge), *Manual of Political Economy*, p. 13).

"That useful function, therefore, which some profound writers fancy they discover in the abundant expenditure of the idle rich turns out to be a sheer illusion. Political economy furnishes no such palliation of unmitigated selfishness. Not that I would breathe a word against the sacredness of contracts. But I think it is important, on moral no less than on economic grounds, to insist upon this, that no public benefit of any kind arises from the existence of an idle rich class. The wealth accumulated by their ancestors and others on their behalf, where it is employed as capital, no doubt helps to sustain industry; but what they consume in luxury and idleness is not capital, and helps to sustain nothing but their unprofitable lives. By all means they must have their rents and interest, as it is written in the bond; but let them take their proper place as drones in the hive, gorging at a feast to which they have contributed nothing" (*Some Leading Principles of Political Economy*, p. 32, by the late John Elliott Cairnes, M.A., Emeritus Professor of Political Economy at University College, London; 1874).

III. Who the workers are.—Those who profess to be taking part in the work of the community were divided at the census of 1901, into the following classes:—

	MALES.	FEMALES.	TOTAL.
Industrial ..	8,884,116	2,594,684	11,478,800
Agricultural ..	2,058,096	183,881	2,241,977
Commercial ..	845,127	89,106	934,233
Domestic ..	357,037	2,058,528	2,415,565
Professional ..	817,731	387,050	1,204,781
	<hr/>	<hr/>	<hr/>
Unoccupied, under 20 ..	12,962,107	5,313,249	18,275,356
Unoccupied, over 20 ..	6,476,645	7,202,149	13,678,794
	663,656	8,840,915 ¹	9,504,571
	<hr/>	<hr/>	<hr/>
	20,102,408	21,356,313	41,458,721

(Compiled from Reports of the 1901 Census for England and Wales, Scotland and Ireland.)

¹ Most of these are married women engaged in domestic work, although not so described.

Among the professed workers there are, of course, many whose occupation is merely nominal. The number is swelled by the "sleeping" partners, the briefless barristers, the invalids, and the paupers, prisoners, and sinecurists of every description. Many thousands more have occupations useless or hurtful to the community; and others, as, for example, many domestic servants, labour honestly, but for the personal comfort of the idlers, and they might, therefore, as far as production is concerned, as well be themselves idle.

Nevertheless, there were, in 1901, 663,656 adult men (one in twenty) who did not even profess to have the shadow of an occupation. Most of these form the main body of the idle rich, "the great social evil of . . . a non-labouring class" (J. S. Mill, *Political Economy*, Popular Edition, p. 455).

It is clear that the labour of the workers is much increased by the presence among them of so large a proportion of persons who take no useful part in the business of life. The possible reduction of the daily hours of work has, however, been much exaggerated. Thus Mr. William Hoyle, writing in 1871, committed himself to the assertion that, "assuming every person did his share, a total of $1\frac{1}{2}$ hours' daily labour would suffice to supply us in abundance with all the comforts of life" (*Our National Resources*, p. 56). It appears from the context that his calculation refers to a community composed exclusively of actual workers in the production of material necessaries, whereas in ordinary human societies about half the population is under the age of twenty, and more than half the adults are women mostly occupied in domestic duties. The $1\frac{1}{2}$ hours daily have, therefore, at once to be multiplied four-fold, and account is even then taken only of food, clothing, houses and furniture. The whole calculation is indeed of little value, and has never been accepted by other authorities.

IV. How the idle rich live.—"Whence is their purchasing-power derived? It does not descend to them from the skies; nor is it obtained by submarine telegraph direct from California or Australia; nor is its presence

exhaustively accounted for by the presence of certain figures on the credit side of their accounts in their bankers' books" (Prof. J. E. Cairnes, *Some Leading Principles of Political Economy*, p. 31).

They live, in the main, upon the portions of the national product which are called rent and interest, by the legal "guarantee to them of the fruits of the labour and abstinence of others, transmitted to them without any merit or exertion of their own" (J. S. Mill, *Political Economy*, Popular Edition, p. 129).

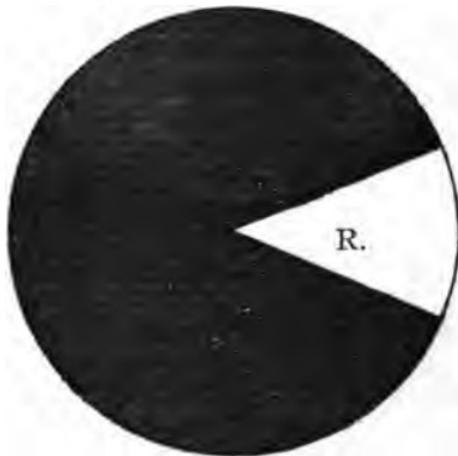
"It is at once evident that rent is the effect of a monopoly" (J. S. Mill, *Political Economy*, p. 255).

"Monopoly, in all its forms, is the taxation of the industrious for the support of indolence, if not of plunder" (*Ibid.*, p. 477).

V. Rent of land and houses.—The total profits from the ownership of lands, houses, tithes, etc., as assessed for income tax in 1905–6 was £258,948,671; the rents of mines, quarries, ironworks, gasworks, waterworks, canals, fishings, shootings, markets, tolls, etc., amounted to £42,863,644 (Inland Revenue Report, 1906–7, Cd—3,686). Many of these are notoriously far from being fully assessed. The total "rent"¹ of immoveables of the United Kingdom must therefore amount to at least £310,000,000, or nearly one-sixth of the total produce. Of this amount probably £100,000,000 may be estimated as the annual rental value of the bare site, without buildings.

Total produce, £1,920,000,000. R.—Rent, £310,000,000.

¹ In 1843 the total was (for Great Britain only) £95,284,497; in 1855 (for the United Kingdom) £124,871,885.



VI. Interest on capital.—Interest is distinguished by economists from the rent on the one hand, and the “wages of superintendence,” or other payment for services on the other; but a large part of the “Rent” already dealt with consists of interest on capital embodied in land in the form of houses, etc.

The profits of public companies, foreign investments, railways, etc., assessed to income tax in the United Kingdom in 1905–6 amounted to £311,366,085. The interest payable from British public funds (rates and taxes) was, in addition, £22,680,741, and from Indian, Colonial and Foreign Governments £30,932,067 (Inland Revenue Report, 1906–7, Cd.—3,686).

That these amounts are understated may be inferred from Mr. Mulhall’s estimate of the stocks, shares, bonds, etc. held in Great Britain alone, as being worth £2,655,000,000, producing an annual income of upwards of £122,000,000 (*Dictionary of Statistics*, p. 106). Sir Louis Mallet estimated the English income from foreign investments alone in 1883–4 at £100,000,000 annually (*National Income and Taxation* (Cobden Club), p. 13), and later returns show that this estimate must be considerably increased. Nearly the whole of this vast income may be regarded as being received without any contemporary services rendered in return by the owners as such.

We have, however, to add the interest on capital employed in private undertakings of manufacture or trade. This is included with “wages of superintendence,” in business profit, both for the purpose of the income tax returns and in ordinary speech. Sir R. Giffen estimated it, in 1884, apart from any earnings of personal service, at £89,000,000 (*Essays in Finance*, vol. ii, p. 403). Allowing for the increase since then, the total amount of interest cannot therefore be less than £390,000,000.

Adding hereto the rent mentioned in the preceding section, we have a total of £700,000,000 for rent and interest together.

The following diagram represents the proportion of the nation’s income thus claimed from the workers, not in return for any service rendered to the community, but

merely as the payment for permission to use the land and the already accumulated capital of the country.



Total product, £1,920,000,000.

R.—Rent, £310,000,000.

I.—Interest, £390,000,000.

VII. Profits and Salaries.—But those who enjoy the vast unearned income just mentioned cannot all be accurately described as the "idle rich," though they would forgo none of it by refusing to work. If they are disposed to increase it by leading active lives they can do so; and most of them adopt this course to some extent, especially those whose share is insufficient for their desires.

As the unearned income is not equally distributed, some of the participants are in comparatively humble circumstances; but it may be observed that the "manual-labour class," or the poor, possess but a small fraction of the land and capital.

In 1906 the Deposits in P.O. Savings Bank were	£155,996,446
Trustee	53,009,299
Consols purchased for small "holders,"	
P.O.S.B., were	18,986,199
Consols purchased for small holders,	
Trustee S.B., were	2,369,869
In 1905 the Capital of Building Societies was	70,348,997
The Funds of Trade Unions, Co-operative,	
Friendly and Provident Societies was	123,517,888
The Funds of Industrial Life Assurance	
Societies was	34,913,210
	<hr/>
	£459,141,908

(see Eleventh Annual Report of the Labour Department of the Board of Trade, Cd.—3,690, 1907; Statistical Abstract, C.—3,691, 1907; and "Capital and Land" in this volume), or less than one thirty-second part

of the total accumulated wealth, and about £29 per head of the adult workers in the "manual labour class," even supposing the whole was owned by members of that class. Against this, too, must be set the debts of the labourers to pawnbrokers, shopkeepers and others, which amount, in the aggregate, to a considerable sum.

When the members of this endowed class elect to work, they are able to do so under unusually favourable conditions. Associated with them in this respect are the fortunate possessors of exceptional skill in hand or brain, and the owners of literary, artistic, or commercial monopolies of every kind. These workers often render inestimable service to the community, and they are able to exact in return remuneration proportionate neither to their utility nor to the cost of their education or training, but to the relative scarcity of the faculty they possess.

The numbers and total income of this large class cannot be exactly ascertained. It includes workers of all grades, from the exceptionally skilled artisan to the Prime Minister, and from the city clerk to the President of the Royal Academy.

It is convenient for statistical purposes to include in it all those who do not belong to the "manual-labour class." If we take the "rent of ability" to have increased in the same proportion as the assessments to income tax, this prosperous body may be estimated to receive for its work as **profits and salaries** about £490,000,000 annually.

Sir R. Giffen : total income, less rent, interest, and wages of manual-labour class (<i>Essays in Finance</i> , 1886, vol. ii. p. 404)	£313,000,000
Professor A. Marshall : earnings of all above the manual-labour class (Report of Industrial Remuneration Conference, p. 194), 1885 ..	300,000,000
Mr. Mulhall : income of tradesmen class only (<i>Dictionary of Statistics</i> , p. 320), 1886 ..	244,000,000
Sir R. Giffen : salaries of superintendence assessed to income tax alone (<i>Essays in Finance</i> , 1886, vol. ii. p. 404)	180,000,000

VIII. The classes.—The total amount of rent, interest, profits and salaries was estimated some years ago as follows :—

Professor Leone Levi, *Times*, 13th January, 1885 £753,000,000

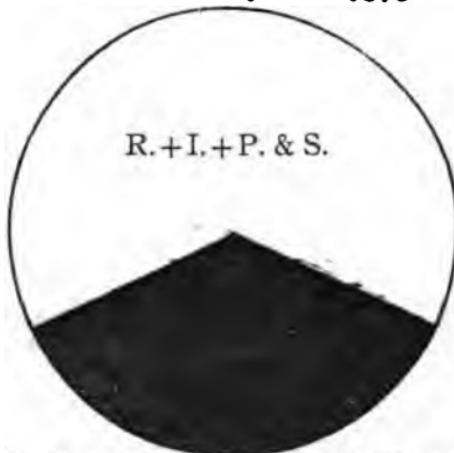
Professor Alfred Marshall, Report of Industrial Remuneration Conference, p. 194 (1885) ..	£675,000,000
Sir. R. Giffen, <i>Essays in Finance</i> , vol. ii. p. 467 (1886)	720,000,000
Mr. Mulhall, <i>Dictionary of Statistics</i> , p. 246 ..	818,000,000
Mr. A. L. Bowley, <i>Statistical Society's Journal</i> , vol. lviii., part 2, p. 284 (1891)	912,000,000

Since these estimates were made the wealth of the country has grown greatly, and on the basis of the increase in gross assessments to income tax, we estimate that the total drawn by the upper, middle, and trading classes amounts at present to about £1,190,000,000 yearly, or just under two-thirds of the total produce.

And the masses.—The total amount of wages was at the same time estimated by the statisticians :—

Professor Leone Levi (as above)	£521,000,000
Professor A. Marshall (as above)	500,000,000 ¹
Mr. Mulhall, <i>Dictionary of Statistics</i> , p. 320	467,000,000
Sir R. Giffen, <i>Essays in Finance</i> , vol. ii. p. 467	550,000,000
Mr. J. S. Jeans, <i>Statistical Society's Journal</i> , vol. xlvi. p. 631	600,000,000
Mr. A. L. Bowley (as above)	699,000,000

Allowing for the increase since these estimates were made we may safely say that the manual-labour class receives for all its millions of workers only some £730,000,000.



¹These estimates, which are based on average rates of wages, multiplied by the number of workers, assume, however, reasonable regularity of employment, and take no account of the fact that much of the total amount of nominal wages is reclaimed from the workers in the shape of rent. Much must, therefore, be deducted to obtain their real net remuneration.

Rent	£310,000,000
Interest	390,000,000
Profits and Salaries	490,000,000
Total (that is, the entire income of the upper, middle, and trading classes)	1,190,000,000
Income of manual-labour class	730,000,000
 Total produce	£1,920,000,000

IX. The Two Nations.—This unequal division of the fruits of the combined labour of the working community divides us, as Lord Beaconsfield said, into "two nations," widely different from each other in education, in comfort, and in security. There is some limited central territory between, and some luckier few escape from the large camp in which their fellows are toiling to the more comfortable fortress of the monopolists, from which, on the other hand, others sink into destitution from extravagance or misfortune. But for the great majority the lines between these two nations are practically impassable.

It is not that this division is based on any essential differences in the industry or morality between individuals.

"Since the human race has no means of enjoyable existence, or of existence at all, but what it derives from its own labour and abstinence, there would be no ground for complaint against society if every one who was willing to undergo a fair share of this labour and abstinence could attain a fair share of the fruits. But is this the fact? Is it not the reverse of the fact? The reward, instead of being proportioned to the labour and abstinence of the individual, is almost in an inverse ratio to it; those who receive the least, labour and abstain the most" (John Stuart Mill, *Fortnightly Review*, 1879, p. 226, written in 1869).

We have seen what the "two nations" each receive: it remains to estimate their respective numbers, and the following facts supply materials for this computation:—

(a) *The Comparatively Rich.*

It has been shown that the adult males without professed occupation numbered 663,656 in 1901. This represents a population of about 2,650,000, all of whom were living on incomes not derived from any specified occupation.

About one-seventieth part of the population owns far more

(b) *The Comparatively Poor.*

Mr. Mulhall, *Dictionary of Statistics*, p. 320; families 4,774,000,

Mr. Chiozza Money, *Daily Mail Year Book*, 1908, estimates that the lower, middle, and working classes number 39,000,000.

The number of persons "employed" at wages in the indus-

(a) *The Comparatively Rich (ctd.)*: than one-half of the entire accumulated wealth, public and private, of the United Kingdom (Chiozza Money, *Riches and Poverty*, p. 72).

The landlords (of more than ten acres) number only 176,520, owning ten-elevenths of the total area (Mulhall, *Dictionary of Statistics*, p. 341).

More than one-half the area of the whole country is owned by 2,500 people (Chiozza Money, *Riches and Poverty*, p. 75).

The mortgage upon the industry of the community, known as the National Debt, was owned in 1880 by only 236,514 persons, 103,122 of whom shared in it only to the extent of less than £15 per annum each (Mulhall, *Dictionary of Statistics*, p. 262).

Only sixty-nine out of every 1,000 persons dying leave behind them £300 worth of property (including furniture, etc.), and only ninety-seven per 1,000 leave any property worth mentioning at all.

The number of estates upwards of £10,000 in value in 1906-7 upon which Estate Duty was paid was 4,172; their capital value was £218,253,558. They include five-sevenths of the total net capital of the estates liable for duty (Inland Revenue Report, C.—3,686).

In 1906-7 the estates of 86 persons were proved for £68,294,278, or nearly one-quarter of the value of all estates. Of these, ten were more than £1,000,000, eighteen over £500,000, fifty-eight over £250,000 (Cd.—3,686).

Mulhall estimates that there were, in 1889, 222,000 families of the gentry, 604,000 families of the middle class, 1,220,000 fami-

(b) *The Comparatively Poor (ctd.)*: tries of the Kingdom is placed at thirteen to fourteen millions, and this includes over four million women.

Mr. J. S. Jeans,
Statistical Society's Journal,
vol. xlvi. p. 631,
places the number at about .. 14,000,000

Sir R. Giffen,
Essays in Finance, vol. ii. p.
461 (separate incomes of manual labour class) .. 13,200,000

Prof. Leone Levi,
Times, 13th Jan.,
1885 (number of workers in manual-labour class
in 1881) .. 12,200,000

Sir R. Giffen,
Labour Commission Statistics,
six and a quarter million families of wage earners, or persons 13,000,000

Mr. A. L. Bowley,
Statistical Society's Journal, June, 1895,
manual labourers 13,000,000

Thirty-nine millions take £900,000,000 (Chiozza Money, *Daily Mail Year Book*, 1908).

Nine hundred and three out of every 1,000 persons (about half of whom are adults) die without property worth speaking of, and 931 out of every 1,000 without furniture, investments, or effects worth £300 (Cd.—3,686).

From returns obtained from 8,121 Private and Government

(a) *The Comparatively Rich (ctd.)*: lies of the trading class ; in all only about two million families above the manual-labour class of less than five million families (*Dictionary of Statistics*, p. 320).

More than one-third of the entire income of the United Kingdom is enjoyed by less than one-thirtieth of its people (*Chiozza Money, Riches and Poverty*, p. 42).

The income-tax payers number only 1,000,000 to 1,100,000. One-ninth of the entire population enjoy roughly one-half of the entire national income (*Chiozza Money, Daily Mail Year Book*, 1908).

Mr. L. G. Chiozza Money estimates that 1,250,000 people take £600,000,000 a year, and 3,750,000 people take £250,000,000 (*Daily Mail Year Book*, 1908).

(b) *The Comparatively Poor (ctd.)*: works, employing 862,365 persons, it appears that the average annual wage per head amounted to not more than £50. These returns include the police and other public servants, but do not take any account of agricultural and general labourers (*Annual Report of Labour Department, Board of Trade, 1893-1894*, C.—7,565).

X. The competitive struggle.—Disguise it as we may by feudal benevolence, or the kindly attempts of philanthropists, the material interests of the small nation privileged to exact rent for its monopolies, and of the great nation, thereby driven to receive only the remnant of the product, are permanently opposed. “The more there is allotted to labour the less there will remain to be appropriated as rent” (*Fawcett, Manual of Political Economy*, p. 123).

It is therefore “the enormous share which the possessors of the instruments of industry are able to take from the produce” (J. S. Mill, quoting Feugueray, *Principles of Political Economy*, p. 477, Popular Edition of 1865), which is the primary cause of the small incomes of the comparatively poor. That neither class makes the best possible social use of its revenues, and that both waste much in extravagance and vice, is an apparently inevitable secondary result of the unequal division, which it intensifies and renders permanent ; but it is a secondary result only,

not the primary cause. Even if the whole "manual-labour class" received £50 per adult, which is the average income of those who are best off, and made the best possible use of it, it would still be impossible for them to live the cultured human life which the other classes demand for themselves as the minimum of the life worth living. It is practically inevitable that many of the poor, being debarred from this standard of life, should endeavour to enjoy themselves in ways not permanently advantageous to themselves or to society.

The force by which this conflict of interest is maintained, without the conscious contrivance of either party, is competition, diverted, like other forces, from its legitimate social use. The legal disposers of the great natural monopolies are able, by means of legally licensed competition, to exact the full amount of their economic rents ; and the political economists tell us that so long as these natural monopolies are left practically unrestrained in private hands, a thorough remedy is impossible.

In 1874 Professor Cairnes thought that some help might be found (at any rate by the better-paid labourers) by means of co-operation in production. He then wrote :—

" If workmen do not rise from dependence upon capital by the path of co-operation, then they must remain in dependence upon capital ; the margin for the possible improvement of their lot is confined within narrow barriers, which cannot be passed, and the problem of their elevation is hopeless. As a body they will not rise at all. A few, more energetic or more fortunate than the rest, will from time to time escape, as they do now, from the ranks of their fellows to the higher walks of industrial life, but the great majority will remain substantially where they are. The remuneration of labour, as such, skilled or unskilled, can never rise much above its present level " (Prof. J. E. Cairnes, *Some Leading Principles of Political Economy*, p. 348 ; 1874).

Thirty years have passed away since these words were written, and it must now be apparent, even to the most sanguine of individualists, that the chance of the great bulk of the labourers ever coming to work upon their own land and capital in associations for co-operative production has become even less hopeful than it ever was ; and Dr. J. K. Ingram tells us that modern economists, such as Professors T. E. Cliffe Leslie and F. A. Walker, regard the

idea as "chimerical" (Article on "Political Economy" in *Encyclopædia Britannica*, vol. xix. p. 382). Even so friendly an economist as Mr. Leonard Courtney agrees in this view. Yet this, according to authorities so eminent, is the only hope for the labourer under the present arrangements of society, or any other that the Professor could suggest.

XI.—Some victims of the struggle.—The statistics hitherto quoted have been mainly based on the assumption of reasonable regularity of employment. But of the great permanent army of the "unemployed," no reliable statistics can be obtained. From returns rendered to the Labour Department of the Board of Trade by Trade Unions, it appears that in the seven years, 1896–1902, the mean percentage of members unemployed was 3·3 (Annual Report of Labour Department, Board of Trade, 1901–2, Cd.—1,755). The average number of persons in London whose home is the "common lodging-house" is over 30,000; over 1,100 are every night found in the "casual wards."

As regards the four millions of persons in the metropolis, Mr. Charles Booth tells us that 37,610, or 0·9 per cent, are in the lowest class (occasional labourers, loafers, and semi-criminals); 316,834, or 7·5 per cent in the next (casual labour, hand-to-mouth existence, *chronic want*); 938,293, or 22·3 per cent, form the "poor" (including alike those whose earnings are small, because of irregularity of employment, and those whose work, though regular, is ill-paid). These classes, on or below the "poverty line" of *earnings not exceeding a guinea a week per family*, number together 1,292,737, or 30·7 per cent of the whole population. To these must be added 99,830 inmates of work-houses, hospitals, prisons, industrial schools, etc., making altogether nearly 1,400,000 persons in this one city alone whose condition even the most optimistic social student can hardly deem satisfactory (*Labour and Life of the People*, edited by Charles Booth, 1891; vol. ii. pp. 20–1).

The ultimate fate of these victims it is not easy adequately to realize. In 1905 no less than 21 persons, of whom 8 were fifty-five years old and upwards, were re-

corded by the Registrar-General as having died of starvation (Cd.—3,279). Actual starvation is, however, returned as the cause of death in but a few cases annually ; and it is well known that many thousands of deaths are directly due to long-continued under-feeding and exposure. Young children especially suffer.

In England and Wales in 1905, 91,597 deaths were registered as having taken place in Poor Law Institutions, workhouses, infirmaries, schools, hospitals, and asylums, or 17·61 per cent of the total deaths ; the proportion during the eleven years immediately preceding having averaged 15·38 per cent. Of these, 48,794 occurred in workhouses, 32,899 in hospitals, and 9,904 in lunatic asylums.

In London in 1905 one person in every three died in the workhouse, hospital, or lunatic asylum. Out of 70,962 deaths, 28,276 being under twenty years of age, 13,985 were in workhouses, 10,854 in hospitals, and 498 in lunatic asylums, or, altogether, 25,337 in public institutions (Registrar-General's Report, 1905, Cd.—3,279).

It is worth notice that a large number of those compelled in their old age to resort to the workhouse have made ineffectual efforts at thrifty provision for their declining years. In 1890-91, out of 175,852 inmates of workhouses (one-third being children, and another third women), no fewer than 14,808 have been members of benefit societies. In 4,593 cases the society had broken up, usually from insolvency (House of Commons Return, 1891, Nos. 366 and 130—B). It is probable that one in every three London adults will be driven into these refuges to die, and the proportion in the case of the "manual-labour-class" must of course be still larger. And the number of persons who die while in receipt of out-door relief is not included in this calculation. As in 1907 the mean number of out-door paupers in the metropolis was 44,890 (Cd.—3,665), and the average death-rate in London was 17·4 per 1000, it may be assumed that upwards of 1000 persons died while in receipt of out-door relief—often from its being insufficient.

15,570 persons died by fatal accidents in 1904 (Registrar-General's Report, C.—3,279), 1,113 losing their lives in

mines, quarries, etc., 853 on railways, 219 in working machinery, 510 by poisoning and poisonous vapours, and 233 in building operations. These are figures for England and Wales alone, and would be much increased by including the accidents in Scotland and Ireland.

The Board of Trade Report on "Railway Accidents" during the year 1906 shows that 438 railway servants were killed, and 4,365 injured, by accidents on the lines. Of these 9 were killed and 572 injured whilst coupling or uncoupling vehicles (Cd.—3,690).

"At present the average age at death among the nobility, gentry, and professional classes in England and Wales was 55 years; but among the artizan classes of Lambeth it only amounted to 29 years; and whilst the infantile death-rate among the well-to-do classes was such that only 8 children died in the first year of life out of 100 born, as many as 30 per cent succumbed at that age among the children of the poor in some districts of our large cities. The only real causes of this enormous difference in the position of the rich and poor with respect to their chances of existence lay in the fact that at the bottom of society wages were so low that food and other requisites of health were obtained with too great difficulty" (Dr. C. R. Drysdale, Report of Industrial Remuneration Conference, p. 130).

"Any one who is acquainted with the state of the population of all great industrial centres, whether in this or other countries, is aware that amidst a large and increasing body of that population there reigns supreme . . . that condition which the French call *la misère*, a word for which I do not think there is any exact English equivalent. It is a condition in which the food, warmth, and clothing, which are necessary for the mere maintenance of the functions of the body in their normal state, cannot be obtained; in which men, women, and children are forced to crowd into dens wherein decency is abolished, and the most ordinary conditions of healthful existence are impossible of attainment; in which the pleasures within reach are reduced to brutality and drunkenness; in which the pains accumulate at compound interest in the shape of starvation, disease, stunted development, and moral degradation; in which the prospect of even steady and honest industry is a life of unsuccessful battling with hunger, rounded by a pauper's grave. . . . When the organization of society, instead of mitigating this tendency, tends to continue and intensify it; when a given social order plainly makes for evil and not for good, men naturally enough begin to think it high time to try a fresh experiment. I take it to be a mere plain truth that throughout industrial Europe there is not a single large manufacturing city which is free from a vast mass of people whose condition is exactly that described, and from a still greater mass, who, living just on the edge of the social swamp, are liable to be precipitated into it" (Professor Huxley, *Nineteenth Century*, February, 1888).

B. S. Rowntree estimated that the average income from all sources of the 11,560 working-class families in York in 1899 was 32s. 8½d. per week, or £85 a year. But 1,465 families, comprising 7,230 persons, that is, 15·46 per cent of the wage-earning class and 9·91 per cent of the population of York, were living in "primary poverty," that is, on less than enough to provide the minimum of food, clothing, and shelter. And, in addition, 13,072 persons, or 17·93 per cent of the population were living in "secondary poverty," that is, on earnings which would be sufficient if spent with rigid economy and perfect wisdom, but were insufficient because in part misspent on drink and betting, or through ignorant housekeeping. "The wages paid for unskilled labour in York are insufficient to provide food, shelter, and clothing adequate to maintain a family of moderate size in a state of bare physical efficiency." No less than 52 per cent of "primary" poverty was due to low wages alone (*Poverty*, 2nd ed., pp. 83, 120, 133).

One great cause of the short and miserable lives of the poor is the insanitary condition of the slums in which many of them are compelled to dwell. The strongest testimony to the evil effects of such surroundings comes from the insurance companies. The industrial friendly societies have in each large town their "proscribed streets." The Liverpool Victoria Legal Friendly Society proscribed, for Liverpool alone, on account of their insanitary character, 167 "streets wherein no members of the Society may be entered" (Circular of the 13th October, 1886). Yet these unhealthy streets were not too bad to be the only homes of thousands of the poorer citizens of that commercial centre.

INFANT MORTALITY

"The best indication probably as to whether the conditions of life in any locality are healthy or the reverse is the infant mortality" (*The Dwelling House*, by G. V. Poore).

In the Analysis of the causes of death in England and Wales furnished by Dr. Tatham, M.A., M.D., F.R.C.P., to the Registrar-General, and published in the Report for 1904 (Cd.—2,617), attention is called to "the enormous

sacrifice of life that besets early infancy in England and Wales. Nearly half the children dying under one year perish within three months of their birth ; whilst of survivors in the second year of life there die more than twice as many as in any one of the three succeeding years." The mortality among children under five years of age—rate per 1,000 living—from all causes in England and Wales in 1905 was 44.66 per thousand ; 50.26 in urban counties, and 33.64 in rural counties. The highest death-rate amongst children under one year was in Glamorganshire, 147 to 1,000 births ; the next highest was Durham, 153 ; whilst London came sixteenth with 131. The lowest death-rate was in Radnorshire and Bucks, 82 each.

The infantile death-rate at Bethnal Green is twice that of Belgravia. Holborn (151,835) and St. George's, Hanover Square (149,748), have almost equal populations ; yet in the former 1,614, in the latter only 1,007 children under five died in 1884¹ (*Registrar-General's Report, 1886*, pp. 32, 126, C.—4,722).

Dr. Playfair says that 18 per cent of the children of the upper class, 36 per cent of those of the tradesmen class, and 55 per cent of those of the workmen, die before they reach five years of age (quoted at p. 133 of *Dictionary of Statistics*, by Mr. Mulhall, who, however, thinks it " too high an estimate ")).

OVERCROWDING STATISTICS. From Censuses 1891 and 1901, General Report.²

ENGLAND AND WALES.—OVERCROWDING									
Tenement	No. of 1 to 4 roomed with tenements with more than two occupants per room.		No. of occupiers of such tenements.		Percentage of population in such tenements.		1891	1901	
	1891	1901	1891	1901	1891	1901			
1 room	92,259	66,669	357,707	245,576	1·23	0·76			
2 rooms	184,231	147,527	1,124,056	884,672	3·88	2·72			
3 rooms	120,031	102,556	951,877	807,566	3·28	2·48			
4 rooms	85,132	74,662	824,404	729,652	2·84	2·24			
	481,653	391,914	3,258,044	2,667,466	11·23	8·20			

The total number of tenements in England and Wales

¹ No figures for a comparison of this kind are given in the *Registrar-General's Reports* for years subsequent to 1884.

² The figures for 1901 have been calculated from the material given in the *Preliminary Report*, and, though approximately correct, must not be taken as exactly accurate.

was, in 1901, according to the returns, 7,036,868, which gives, with a population of 32,527,843, an average of 4.6 persons to each tenement.

The six great towns in which the percentage of overcrowded persons was the highest were as follows:—

Gateshead	34·53	Plymouth	20·25
Newcastle-on-Tyne	30·57	Halifax	14·67
Sunderland	30·10	Bradford	14·58

The five registration counties with most overcrowding (London omitted) were:—

Northumberland	31·31	Yorkshire	9·6
Durham	29·48	Cumberland	8·47
Pembroke	9·94		

Speaking generally, it would appear that the coal-bearing counties are those where the crowding of dwellings is most severe.

OVERCROWDING IN LONDON REGISTRATION COUNTY

830,182 persons living more than two in a room equal 19·71 per cent to total population (General Report, 1891 Census, p. 118).

" This figure of nearly 20 per cent, however, is based on the population of the whole town, which in 1891 was 4,211,743. To ascertain the real nature of the overcrowding problem it is essential to look more closely into the details of the different districts of London. It will then be found that in such central parts as Holborn, Clerkenwell, St. Luke's, Whitechapel, and St. George-in-the-East, the overcrowding exceeds 35 per cent. Look more closely into selected areas in these districts and the problem appears even more serious. The average number of persons per acre for all London is 56. In the Old Artillery Ground it is 427, in Spitalfields it is 322, in Mile End Old Town it is 269. These three districts are in Whitechapel" (*London Government*, by Frederick Whelen, p. 67). In 1901 the figures were about 719,293 persons, or 15·88 per cent.

MORTALITY AND OVERCROWDING (LONDON)

Proportion of Total Population living more than two in a room (in Ten- ments of less than five rooms).	Death-rate, "All Causes," 1885-92.
Districts with under 15 per cent	17·51
" " 15 to 20 per cent	19·51
" " 20 to 25	20·27
" " 25 to 30	21·76
" " 30 to 35	23·92
" " over 35	25·07

(*London Government*, p. 68).

Later returns show some improvement :—

METROPOLITAN BOROUGHS				Corrected Death-rate, 1901-3.
Proportion of Total Population living more than two in a room (in tenements of less than five rooms). Census 1901.				
1. Boroughs with under 15 per cent .. ..	..	..	16.6	
2. " " from 15 to 20 per cent .. ..	..	..	18.8	
3. " " " 20 to 25 .. ..	..	..	19.3	
4. " " " 25 to 30 .. ..	..	..	21.1	
5. " " " 30 to 35 .. ..	..	..	20.7	
6. " " over 35 .. ..	..	..	22.3	

Class 1 comprises City, Battersea, Camberwell, Chelsea, Deptford, Fulham, Greenwich, Hackney, Hammersmith, Hampstead, Kensington, Lambeth, Lewisham, Paddington, Stoke Newington, Wandsworth, Westminster, Woolwich.
 Class 2 comprises Bermondsey, Islington, Poplar.

.. 3 "	Marylebone, St. Pancras, Southwark.
.. 4 "	Bethnal Green, Holborn, Shoreditch.
.. 5 "	Stepney.
.. 6 "	Finsbury.

(Abstracted from the Annual Reports of the Medical Officer of Health to the London County Council for 1901 and 1904.)

We clog our public poor relief with irksome and degrading conditions, so that the honest poor often die lingering deaths rather than accept it. Mr. Charles Booth states that "as regards entering the workhouse, it is the one point on which no difference of opinion exists among the poor. The aversion to the 'house' is absolutely universal, and almost any suffering and privation will be endured by people rather than go into it" (*The Aged Poor in England and Wales*). Yet the paupers in actual receipt of public relief on one day number more than a million :—

England and Wales, 1st January, 1906	926,741	cost £14,035,888
Scotland, 15th January, 1906 ..	.. 111,405 ..	1,406,489
Ireland, 7th January, 1906 ..	.. 104,362 ..	1,209,286
		1,142,508 £16,651,663

(Statistical abstract for the United Kingdom. Cd.—3,691.)

But the relief is not usually given permanently ; to obtain the number of different individuals who receive relief during a year we must multiply the daily number by 2.3. (This is the computation given in Mr. Charles Booth's paper before the Statistical Society, December, 1891. See also his *Pauperism, a Picture ; and the Endowment of Old Age, an Argument.*) This gives a pauper class during any one year of about 2,627,000 persons, or 1 in 6 of the manual-

labour class. In some rural districts *every* aged labourer is a pauper.

The maintenance of these paupers cost £16,651,663 for a year. But in addition to this public expenditure the various charitable societies spend £10,040,000 annually (Mr. Mulhall, *Dictionary of Statistics*, p. 112), and the charity of individuals is known to be enormous. The numbers of the destitute class must therefore be largely increased. Sir R. Giffen talks of the class of five millions "whose existence is a stain on our civilization" (*Essays in Finance*, vol. ii, p. 350). It is the lot of at least one in five of the manual-labour class—of 16 in every 100 of the whole population—to belong to this class.

"To me, at least, it would be enough to condemn modern society as hardly an advance on slavery or serfdom, if the permanent condition of industry were to be that which we behold, that 90 per cent of the actual producers of wealth have no home that they can call their own beyond the end of the week; have no bit of soil, or of so much as a room that belongs to them; have nothing of value of any kind, except as much old furniture as will go in a cart; have the precarious chance of weekly wages which barely suffice to keep them in health; are housed for the most part in places that no man thinks fit for his horse; are separated by so narrow a margin from destitution, that a month of bad trade, sickness, or unexpected loss, brings them face to face with hunger and pauperism. . . . This is the normal state of the average workman in town or country" (Mr. Frederic Harrison, p. 429, *Reports of Industrial Remuneration Conference*, 1886).

The normal state of the "average workman" is the average normal state of four out of five of the whole population (Prof. Leone Levi, *Times*, 13th January, 1885).

XII. The evil and the remedy.—"The deepest root of the evils and iniquities which fill the industrial world is not competition, but the subjection of labour to capital, and the enormous share which the possessors of the instruments of industry are able to take from the produce" (J. S. Mill quoting Feugueray, *Principles of Political Economy*, p. 447, edition of 1865).

"We have been suffering for a century from an acute outbreak of individualism, unchecked by the old restraints, and invested with almost a religious sanction by a certain soulless school of writers" (Prof. H. S. Foxwell, *University*,

College, London, p. 249 of essay in *The Claims of Labour*, 1886).

"It is, indeed, certain that industrial society will not permanently remain without a systematic organization. The mere conflict of private interests will never produce a well-ordered commonwealth of labour" (article on "Political Economy" in *Encyclopædia Britannica*, vol. xix, 1886, p. 382, since published as the *History of Political Economy*, by J. K. Ingram, LL.D., Trinity College, Dublin).

Socialists affirm that the evil can never be remedied until the "two nations" are united by the restitution to public purposes of rent and interest of every kind, and by the growth of social sympathy promoted by the accompanying cessation of class distinctions. It will be seen by the above quotations that this position is based on the facts of the case as ascertained and declared by the recognized authorities in statistics, and is in entire harmony with the doctrines of Political Economy.

XIII. Some steps already taken towards Socialism.

The restitution to public purposes of rent and interest of every kind cannot be effected by revolution, or by one or a dozen Acts of Parliament. Legislative reforms are needed, but they must be supplemented by a thoroughly organized exercise by all local authorities, from Parish to County Councils, of the powers they already possess, as well as by the acquisition of new and more far-reaching powers. The supply of water, milk, gas, and electric light, the establishment of markets, slaughter-houses, tramways, steamboats, baths, wash-houses, cemeteries, harbours, libraries, bands, art galleries, museums, open spaces, gymnasia, allotments, the building of workmen's dwellings and municipal lodging-houses, are being carried on by municipal authorities for the common good. They might be extended to every urban community in the kingdom if public opinion and public enterprise were sufficiently alert to their opportunities. The following figures show the influence of socialistic principles in our municipal administration. A House of Commons Return, issued in December, 1902, gives a summary of the reproductive undertakings carried on by 299 out of the 317

municipal boroughs in England and Wales ; total capital, £121,172,372 ; balance outstanding, 31st March, 1902, £104,925,853 ; average annual income for four years to 31st March, 1902, £13,368,702 ; average annual working expenses for the same period, £8,228,706 ; average annual net profit for the same period, £4,812,005 (H.C.—398, 16th December, 1902). No later returns have been made.

The establishment of Works Departments and the direct employment of labour are municipal developments which are yearly transforming hundreds of workers into State servants.

The transfer of rent and interest from private pockets to public purposes will be mainly brought about by means of progressive taxation in the shape of graduated death duties, a graduated differentiated income tax, and the rating of land values. The Budgets of 1894 and 1907 not only cleared the way for the application of Socialist principles to taxation, but have brought a largely increased revenue into the national exchequer. An estate duty, varying from 1 per cent on estates of £500 to 10 per cent on those of £1,000,000 and over, with an additional percentage, from 11 to 15 per cent on the amount of the estate in excess of £1,000,000, is now exacted. The income tax is not only graduated, but also differentiated as between earned and unearned incomes. During the year 1906-7 the revenue from the death duties was £18,958,763. In the period 1894-5 to 1906-7 no less than £212,488,604 was collected from the death duties, an average of £17,707,383 a year, as against £9,979,691 in 1893-4 (Cd.—3,686).

The extension of these means by the Socialist Chancellors of the Exchequer of the future will extinguish unearned incomes, and so far as taxation can do it, bring about the emancipation of the people from private monopoly.

II. CAPITAL AND LAND

THE practical aim of Socialists with regard to the materials of wealth is "the emancipation of land and industrial capital from individual and class ownership, and the vesting of them in the community for the general benefit." Land and capital are instruments with which man works for the production of wealth, material for the maintenance of his existence and comfort. Now it is important to notice that, though in common talk we separate the two, and though political economists have given a scientific dignity to this rough classification of the instruments of production, distinguishing as "land" that which has been provided by "Nature," and as "capital" that which has been made by human industry, the distinction is not one which can be clearly traced in dealing with the actual things which are the instruments of production, because most of these are compounded of the gifts of Nature and the results of human activity.

"Land."—The only instruments given to us by Nature are climate, physical forces, and virgin soil. The use of these passes with legal "property" in the land to which they belong, and they are consequently classed with "land." Those virgin soils are called good or fertile which contain in abundance elements which the chemistry of animal or vegetable life can convert into the materials of human food, clothing, etc. Other mineral elements of particular patches of soil are convertible by the arts of the mining, metallurgic, building, and engineering industries, into a thousand forms of wealth.

How "Land" gets value.—But even these qualities of virgin soil are of no use or value unless they are found in accessible positions; and their advantage to the proprietor of the land increases rapidly as human society develops in their neighbourhood; whilst in all advanced societies we find large areas of town lands whose usefulness and value have nothing to do with their soils, but are due

entirely to the social existence and activity of man. Land in Cornhill, worth a million pounds an acre, owes its value to the world-wide industry and commerce whose threads are brought together there, not to its natural fertility or to the attractions of its climate. "Prairie value" is a fiction. Unpopulated land has only a value through the expectation that it will be peopled.

The "natural" capabilities of land are thus increased, and, indeed, even called into existence, by the mere development of society. But, further, every foot of agricultural and mining land in England has been improved as an instrument of production by the exercise of human labour.

First, of human labour *not on* that land itself; by the improvement of the general climate, through clearing of forest and draining of marsh; by the making of canals, roads, railways, rendering every part of the country accessible; by the growth of villages and towns; by the improvement of agricultural science; and still more by the development of manufactures and foreign commerce. Of all this human labour, no man can say which part has made the value of his land, and none can prove his title to monopolize the value it has made.

Secondly, all our land has been improved by labour bestowed especially upon it. Indeed, the land itself, *as an instrument of production*, may be quite as truly said to be the work of man as the gift of Nature. Every farm or garden, every mine or quarry, is saturated with the effects of human labour. Capital is everywhere infused into and intermixed with land. Who distinguishes from the mine the plant by which it exists? Who distinguishes from the farm the lanes, the hedges, the gates, the drains, the buildings, the farm-house? Certainly not the English man of business, be he landlord, farmer, auctioneer, or income tax commissioner. Only the bold bad economist attempts it, and, we must add, some few amongst our allies, the Land Nationalizers. It may be worth while to digress for a while in the company of these latter.

A word to "Land Nationalizers."—The arguments revived in our generation by John Stuart Mill and Henry George, and the activity of the various societies that have

taken in hand the work of diffusing them, have now converted an immense body of public opinion to the Socialist view of the justice of, and urgent necessity for, Nationalization of the Land ; or, at least, the absorption by the State or Municipality of ground rents, mining royalties, and similar unearned profits from the soil. Land Nationalizers go, generally, so far with Socialists that (in the words of the Fabian " Basis ") they " work for the extinction of private property in land, and of the consequent individual appropriation, in the form of rent, of the price paid for permission to use the earth, as well as for the advantages of superior soils and sites."

But some, who are thus far Land Nationalizers, still shrink from any interference with the legal powers enjoyed by the holders of capital. Hence a most unfortunate separation exists between them and the Socialists, whose design of nationalizing the industrial capital with the land appears to them unjustifiable and unessential.

Capitalist and Landlord in one Boat.—They use the argument that capital, unlike land, is created by labour, and is therefore a proper subject of private ownership, while land is not. Socialists do not overlook the facts on which this argument rests, but they deny, on the grounds already partly stated, that any distinction can be founded on them sufficiently clear and important to justify the conclusion drawn. But supposing we assume it true that land is not the product of labour, and that capital is ; **it is not by any means true that the rent of land is not the product of labour, and that the interest on capital is.** Nor is it true, as Land Nationalizers frequently seem to assume, that capital necessarily becomes the property of those whose labour produces it ; whereas land is undeniably in many cases owned by persons who have got it in exchange for capital, which may, according to our premises, have been produced by their own labour. Now since private ownership, whether of land or capital, simply means the right to draw and dispose of a revenue from the property, why should the landowner be forbidden to do that which is allowed to the capitalist, in a society in which land and capital are commercially equivalent ? Virgin soil, with-

out labour upon or about it, can yield no revenue, and all capital has been produced by labour working on land. The landlord receives the revenue which labour produces on his land in the form of food, clothing, books, pictures, yachts, racehorses, and *command of industrial capital*, in whatever proportions he thinks best. The ownership of land enables the landlord to take capital for nothing from the labourers as fast as their labour creates it, exactly as it enables him to squander idly other portions of its product in the manner that so scandalizes the Land Nationalizers. When his tenants improve their holdings by their own labour, the landlord, on the expiration of the lease, remorselessly appropriates the capital so created, by raising the rent. In the case of poor tenants holding farms from year to year in Ireland, the incessant stealing of capital by this method so outraged the moral sense of the community, that the legislature interfered to prevent it, long before Land Nationalization was commonly talked of in this country. Yet Land Nationalizers seem to be prepared to treat as sacred the landlords' claim to private property in capital acquired by thefts of this kind, although they will not hear of their claim to property in land. Capital serves as an instrument for robbing in a precisely identical manner. In England industrial capital is mainly created by wage workers, who get nothing for it but permission to create in addition enough subsistence to keep each other alive in a poor way. Its immediate appropriation by idle proprietors and shareholders, whose economic relation to the workers is exactly the same in principle as that of the landlords, goes on every day under our eyes. The landlord compels the worker to convert his land into a railway, his fen into a drained level, his barren seaside waste into a fashionable watering-place, his mountain into a tunnel, his manor park into a suburb full of houses let on repairing leases ; and lo ! he has escaped the Land Nationalizers : his land is now become capital, and is sacred.

The position is so glaringly absurd, and the proposed attempt to discriminate between the capital value and the land value of estates is so futile, that it seems almost certain that the Land Nationalizers will go as far as the

Socialists, as soon as they understand that the Socialists admit that labour has contributed to capital, and that labour gives some claim to ownership. The Socialists, however, must contend that only an insignificant part of our capital is now in the hands of those by whom the labour has been performed, or even of their descendants. How it was taken from them, none should know better than the land Nationalizers.

It is scarcely necessary to enlarge on or illustrate the obvious truth that, whatever the origin of land and capital, the source of the revenues drawn from them is contemporary labour. The remainder of this tract may still further impress the impossibility of maintaining any hard and fast lines between them, either as regards their characteristics and importance in developed societies, or the defensibility of their private ownership or the arguments for their nationalization.

"Capital."—To return from our digression : When we consider what is usually called *capital*, we are as much at a loss to disentangle it from land as we are to find land which does not partake of the attributes of capital.

For though capital is commonly defined as wealth produced by human labour, and destined not for the immediate satisfaction of human wants, but for transformation into, or production of, the means of such satisfaction in the future ; yet railways, docks, canals, mines, etc., which are classed among the instruments of production as capital, are really only somewhat elaborate modifications of land. The buildings and the plant with which they are worked are further removed from the form of land, but we lump the lot as capital. All farming improvements, all industrial buildings, all shops, all machinery, raw material, live and dead stock of every kind, are called capital. And just as there is a purely social element in the value of land, so are there purely social elements in the value of capital ; and its value, in all its forms, depends upon its accessibility and fitness here and now, and not on the labour it has cost. The New River Company's Water Shares had their recent enormous value, not because Sir Hugh Middleton's venture was costly, but because London had

become great. The usefulness of fixed and unchangeable forms of capital increases and decreases through external causes, just as does that of land. If instruments of production must be classified, the best division of them is into *immovables* and *movables*; the annual value of buildings, railways, mines, quarries, waterworks, gasworks, durable fixed machinery, and many other forms of so-called capital, manifestly agreeing with that of land in fluctuating according to causes of which the effects are generalized in the "Law of Rent" of abstract economics.

Besides industrial capital, there is a considerable amount of what has been conveniently called "consumer's capital." Dwelling-houses, and all their domestic machinery and conveniences are as necessary for production as land and factories; for though the worker uses them in his character of consumer, they are necessary to maintain him in efficiency for his work. All private stores of food and clothing, all forms of personal property, may likewise be classed as consumer's capital. It will, however, be evident that in classing these as capital the signification of that name is becoming very vague and indefinite.

Finally we have such purely non-material and social kinds of capital as banking and credit organizations, inventions, and other devices for extending and intensifying our power over Nature; social forces of immense importance for the carrying on of wealth production, largely capable of social ownership, not entirely capable of private monopoly, but at present appropriated by some individuals more than by others.

What is the estimated value of our national stock of the above-named form of wealth?—In December, 1889, Sir Robert Giffen attempted to compute the capital value of realized property in the United Kingdom as it was in the year 1885.¹ The following table is reproduced from that furnished by him, the figures being corrected according to the official Returns of Income Tax Assessments for 1905–6.² The estimate of the value of the capital is

¹ See *The Growth of Capital (1889), Essays in Finance*.

² Fiftieth Report of the Commissioners of Inland Revenue (Cd.—3,686), price 2s. The amount stated as annual farmers' c

arrived at by taking what Sir R. Giffen considered a suitable number of years' purchase of the income :—

Gross Income.		No. of Years' Purchase.	Capital Value.
Under :			
Schedule A—		£	£
Profits from the ownership of—			
Land	52,151,543	26	1,355,940,118
Houses	205,486,455	15	3,082,296,825
Other property	1,310,673	30	39,320,190
Schedule B—			
Profits from the occupation of lands (farmers' profits mainly) ..	52,421,649	8	419,373,192 ^{1,2}
Schedule C			
Profits from British, Indian, Colonial and Foreign Government Securities	46,925,674	25	1,173,141,850
Schedule D—			
Quarries, mines and iron-works	24,379,408	4	97,517,632 ²
Gasworks	7,413,611	25	185,340,275 ²
Waterworks	5,816,300	20	116,326,000 ²
Canals, etc.	3,847,201	20	76,944,020 ²
Fishings in the United Kingdom and Sporting Rights in Ireland ..	203,304	20	4,066,080 ²
Markets, tolls, etc.	869,635	20	17,392,700 ²
Salt springs or works and Alum works ..	150,573	20	3,011,460 ²
Cemeteries	183,612	20	3,672,240 ²
Railways in the United Kingdom	41,241,692	28	1,154,767,376 ²
		<u>Carried forward £7,729,109,958</u>	

profits appears to be excessive, as Sir R. Giffen overlooked the fact that the Income Tax Acts assume the net profits of agriculture (in England) to be equal to one-third the rent, not the whole as here given. The number of years' purchase of rural land may also be regarded as too high. On the other hand, that of urban properties is much understated. But these considerations do not materially affect the aggregate total, and Sir R. Giffen's basis has therefore been throughout maintained.

¹ This includes £13,821 income assessed under Schedule D.

² Of these totals which make up the "industrial capital" of the country, amounting to £3,752,541,930, at least 3,290,257,000 is under joint stock management, £2,003,392,000 being the paid-up

Gross Income.		No of Years' Purchase	Capital Value.
Under:			£
Railways out of the United Kingdom ..	16,111,221	20	322,224,420
Loans secured on the public rates	6,687,134	25	167,178,350
Indian, Colonial, and Foreign Securities (other than Government)	14,794,821	20	295,896,420
Other interest and profits, etc.	19,137,857	20	382,757,140
Other businesses, professions, etc., taking one-fifth of the gross incomes as interest on capital	73,562,831	15	1,103,442,465 ²
Businesses, professions, etc., omitted from assessment, say 20 per cent on amount assessed (£367,814,155), taking one-fifth of this income as interest on capital	14,712,566	15	220,688,490 ³
Income from capital of non-taxpayers, say ..	70,000,000	5	350,000,000 ²³
Foreign investments not included in Schedules C and D, say	50,000,000	10	500,000,000
Movables not yielding income, say			1,000,000,000 ³
Government and local public property, say ..			600,000,000 ³
Total £12,671,297,243 ⁴			

capital of the 40,995 registered companies carrying on business in April, 1906, and £1,286,883,000 being the paid-up capital of the railways in the United Kingdom at the end of 1906. See the Annual Statistical Abstract, fifty-fourth number, C.—3,691 (1907); price 1s. 7d. To this must be added the capital administered by chartered banks and trading companies, not registered under the Companies Acts.

²These amounts, being conjectural only, are reproduced from Sir R. Giffen's estimate in 1885, with small additions, amounting in all to £155,000,000 on the capital value.

⁴Owing to a rearrangement of the Income Tax Returns the

“Land” and “Capital” indistinguishable.—It may be noticed that there is no attempt in this table to distinguish between what Land Nationalizers might think should be classed as land, and what they would admit to be capital. The common sense of the ordinary business man and statistician recognizes that such distinction is impracticable and arbitrary. To the business man they are both equally forms of property, merely different kinds of investments—that is, arrangements for obtaining a revenue from the labour of others. The practical statesman sees in them simply sources of income, and assesses them equally to income tax. Indeed, that famous tax of 20 per cent on rent, of which the English Land Restoration League and many Radicals need to demand the revival, was not imposed as a land tax at all, but formed part of the incidence of a general tax of four shillings in the pound on the annual value of ALL REALIZED PROPERTY AND SALEABLE INTERESTS, excepting only farm stock and household furniture. It was an “Aid” (or tax upon realized property) imposed primarily upon all persons “having any Estate in ready Money, or in any Debts whatsoever owing to them within this Realm or without, or having any Estate in Goods, Wares, Merchandizes, or other Chattels or personal Estate whatsoever” . . . except “the Stock upon Lands and such Goods as are and for Household Stuff” . . . at the rate of “four Shillings in the Pound according to the true Yearly Value thereof,” computed at

total works out at less than on the method previously in use. It is now probably a considerable under-statement. If we compare this total for 1905–6 with those of previous years we find the total estimated by Sir R. Giffen in 1865 was £6,114,063,000; in 1875, £8,548,120,000; and in 1885, £10,079,579,000. In a paper read to the British Association in September, 1903, and published in the Journal of the Royal Statistical Society, Vol. LXVI., Part III., Sir R. Giffen estimated the total capital of the United Kingdom to be £15,000,000,000. (The number of years' purchase taken above is low, and a small increase would easily account for this larger figure.) The increase in realized wealth in forty-one years may therefore safely be estimated at six thousand millions sterling, or an average of more than 140 millions a year. The average annual increase has been at the rate of 2½ per cent, or nearly two and a half times the rate of increase of the population.

6 per cent of their capital value (see the Act of Parliament of 1692, 4 William and Mary, cap. I, sec. 2), including also the emoluments of public officers at that time regarded as saleable property (sec. 3), and finally "to the end a further Aid and Supply for their Majesties' Occasions may be raised," a similar tax is imposed on Lands "according to the true Yearly Value thereof at a Rack Rent" (sec. 4). Will not the Land Nationalizers take this hint, and include all unearned incomes in their "Single Tax" programme?

Who owns all this Land and Capital?—Who, then, are the Landlords and the Capitalists amongst us? They are those persons who own the instruments of wealth-production and enjoy the profits of them. In England, as in all developed industrial societies, almost the whole of the land and industrial capital, and most of the consumers' capital (chiefly consisting of dwelling-houses) is at present owned and controlled by one set of people, while it is another set of people who produce wealth by using them.

"Capitalists."—A glance at Sir R. Giffen's table will show how little of the material wealth of England is available for immediate enjoyment or consumption, and how large a proportion is in the form of machinery to aid labour in the supply of our wants from day to day. The value of movable personal property, not employed as instruments of production, must be less than one-tenth of the total. Dwelling-houses, and the land attached to them, may amount to about two-tenths more. But occupying ownership of these properties is the exception, and most of them are used by their owners as an investment yielding rent, paid out of the earnings of working occupiers. The whole of the remainder consists of land and capital employed for wealth-production in agriculture, mining, transport, and other industries, trades, and professions.

Four-fifths of our national wealth, we may safely say, consists of such instruments. The wants of the community are supplied from year to year, and week to week, by the reciprocal services of the active workers who use and

administer them. The worker, of whatever kind, is paid by a wage, a salary, a professional income, or profits due to his skill in organizing or directing industry, the amount of which is determined by competition between himself and other workers. The owners of the instruments of production receive as rent and interest such an amount of the value of the produce as equalizes the normal income of the workers in each calling ; that is to say, they obtain from the workers who are using their land and capital a toll equal to the difference between the product of industry engaged in with any particular instrument of land or capital, and the product of the like industry engaged in with the least efficient instrument actually employed anywhere at the time.

Some of the workers are, it is true, themselves capitalists, that is to say, own larger or smaller amounts of land and capital ; and many capitalists work. How many, and how much ? Here are some facts gathered from the Report of the Commissioners of Inland Revenue for 1906-7, and other reliable sources.¹

"Landlords."—Probate or administration was granted in 66,082 estates of the net capital value of £298,460,180 in 1906-7. They were classified as follows :—

34,296 estates not exceeding £500, aggregating £10,001,740.
10,516 estates over £500, and not exceeding £1,000, aggregating £8,616,449.
17,098 estates, over £1,000 and not exceeding £10,000, aggregating £61,588,433.
4,086 estates, over £10,000 and not exceeding £250,000, aggregating £149,959,280.
58 estates, over £250,000 and not exceeding £500,000, aggregating £21,292,964.
18 estates, over £500,000 and not exceeding £1,000,000, aggregating £12,863,132.
10 estates, over £1,000,000, aggregating £34,138,182.

About one-seventieth part of the population owns far more than one-half of the entire accumulated wealth, public and private, of the United Kingdom. More than one-half the area of the whole country is owned by 2,500 people.²

¹ Inland Revenue Report, 1907, Cd.—3686.

² See *Riches and Poverty*, by L. G. Chiozza Money, M.P., pp. 72 and 75. Also "Facts for Socialists," in this volume.

"Workers."—How much land and capital do the manual-labour class own? Supposing that *they* were the owners of the *whole* of —

the deposits (1906) in the P.O. Savings Bank ¹	..	£155,996,446
Trustee	¹	53,009,299
the Consols purchased for small holders by the P.O. ¹	..	18,986,199
the Consols held for depositors in Trustee Savings		
Banks ¹	..	2,369,869
the nominal capital (1905) of the Building Societies ¹	..	70,348,997
the nominal capital of the—		
100 principal Trade Unions (1905) ²	..	£ 4,808,106
Co-operative Societies (1905) ²	..	68,251,495 ³
Friendly Societies (1904) ²	..	50,458,287
Industrial Life Assurance Societies ¹	..	34,913,210
they would own land and capital valued at ..	..	£459,141,908 ⁴

that is to say, a little less than one thirty-second part of the land and capital with which they work. The number of *persons* "employed at wages" in the industries of the kingdom was estimated at about fourteen millions, including over four million women in 1891, and must be at least fifteen and a half millions now. The share of the able-bodied manual-workers, in property, then, must average about £29 per head of those in employment.

What sort of a system is this?—Labour politicians, Land Nationalizers, Conservatives, Radicals, all who interest themselves in social science as the study of the well-being of man, will agree with us that the use of land and capital should be to serve as instruments for the

¹ "Statistical Abstract," C.—3,691, 1907.

² "Eleventh Annual Report of the Labour Department of the Board of Trade," Cd.—3,690, 1907.

³ This figure includes some societies such as the Civil Service Stores, which are not Workmen's Co-operative Societies, though registered as Industrial and Provident Societies under the Friendly Societies Acts.

⁴ This total is undoubtedly a great deal too large, and much of it is duplicate. Thus, for instance, many of the Building Societies, Trade Unions, Co-operative Societies, Friendly Societies, and Industrial Assurance Societies, bank their surplus funds in the Post Office and the Trustee Savings Banks, and those amounts therefore are in this total counted twice over. Much of it, moreover, is owned by children and others belonging to the middle class,

active, the energetic, the industrious, the intelligent of mankind to produce wealth for themselves and those who are necessarily dependent on them, and to maintain the conditions of healthy existence for the society which they compose. And will they not also agree with us that it is the abuse of land and capital that they should be made by the laws of any people a "property" often owned by entirely idle and unprofitable persons, who may exact hire for them from those who are working for the maintenance of social existence, or may even refuse the would-be workers access to these indispensable instruments of industry? For what are the effects?

If the access be refused—land kept out of cultivation; tillage turned into sheepwalks, and sheepwalks into shootings; natural sources of wealth locked up from use; the pleasant places of the earth, the mountains, the moors, the woodlands, the seashores, parked and preserved and placarded, that the few may have space for their pride, while the many must crowd into squalid cities and dismal agricultural towns, and take their holidays in herds on the few beaten tracks left free for them. In commerce—rings, corners, syndicates, pools, and monopolies, and all the fearful social loss and waste of under-production; lock-outs, short time, and other expedients of the reckless selfishness of capitalists who are nursing the market for private ends.

If access be granted—if the land and capital be devoted to their proper use, then it is on condition that rent and interest be paid to the proprietor, simply in virtue of his existence as such. He may or may not be doing some work of social utility, but the rent and interest are paid to him as an absolutely idle person, and it is this, the tribute of industry to idleness, that Land Nationalizers denounce in its form of rent, and that Socialists, and all who have the Socialist spirit, denounce in all its forms.

With the Land Nationalizers we are at one entirely on this point: That so much of the annual value of land as they class as rent (which is caused by the physical qualities, advantages, or position of land), is a toll taken by an idle class from the industry of the rest of the nation,

and should be resumed by the nation in the quickest and most effectual manner possible.

With the non-Socialists we agree entirely on this point : That so much of the income of any landlord as is caused, not by rent as defined by the political economists, but by the exercise of his own abilities as a superintendent and director of agriculture or industry, is of the nature of a salary, the competitive price of useful work done for society. And we further agree with the non-Socialists that so much of the income of any capitalist as is caused, not by interest as defined by the economists, but by the exercise of a similar ability in the administration of capital and the organization of industry, is equally of the nature of a salary obtained by useful work.

We must, however, point out that the monopoly of land and capital has led, and still leads, to a virtual class monopoly of the opportunities of doing this kind of work, and of the education and training required for it ; and that not till these private monopolies are abolished will the remuneration of such activity reach its normal level of competition value. The same monopoly has given to the sons of the privileged classes an advantage which still keeps the wages of certain professions (the Bar, for instance, to which access is guarded by the useless convention of a long and extravagant sham-education), above the level at which they would stand were their opportunities equally open to all.

The amount of tribute and its effects.—Of the tolls enumerated in Sir R. Giffen's table we cannot say what part should be classed as rent and what part as interest ; we can only state that the total income derived from real property—lands and buildings—must amount to about £310,000,000 a year ; and that, according to the table, at least £390,000,000 may be classed as pure interest on other instruments of production (apart from all reward for personal services).

The profits and salaries of the class who share in the advantages of the monopoly of the instruments of production, or are endowed by nature with an exceptional

ability of high marketable value, amount, according to the best estimate that can be formed, to about £490,000,000 annually. While, out of a national income of some £1,920,000,000 a year, the workers in the manual-labour class, four-fifths of the population, obtain in wages not more than £730,000,000.

Rent and interest alone, the obvious tribute of the workers as such to the drones as such, amount demonstrably to almost as much as this sum annually, and it may be safely said that the workers, from top to bottom of society, pay a fine of one-half the wealth they produce to a parasitic class, before providing for the maintenance of themselves and their proper dependents.

Is a healthy existence secured for society by this arrangement?

The income of the manual-labour class may be put at less than £50 per family,¹ and out of this they must pay heavy rents for the houses they live in. How much is left for healthy life? Even that little is not always vouchsafed to them. There are in London now at least 35,000 adult men who, with their families (say 100,000), are slowly starving for want of *regular* employment. Over thirty per cent of the whole four million inhabitants of the richest city in the world were found by Mr. Charles Booth to fall below his "Poverty Line" of bare subsistence earnings.

"At present the average age at death among the nobility, gentry, and professional classes in England and Wales is 55 years; but among the artizan classes of Lambeth it only amounts to 29 years; and whilst the infantile death-rate among the well-to-do classes is such that only eight children die in the first year of life out of 100 born, as many as 30 per cent succumb at that age among the children of the poor in some districts of our large cities. The only real cause of this enormous difference in the position of the rich and poor with respect to their chances of existence lies in the fact that at the bottom of society wages are so low that food and other requisites of health are obtained with too great difficulty" (Dr. C. R. Drysdale, Report of Industrial Remuneration Conference, p. 130).

One in three of Londoners dies in the workhouse, hos-

¹ Annual Report of the Labour Department, 1893-4, C.—7,565.

pital, or lunatic asylum ; one in six of the manual-labour class is a pauper, or has been one.

Hear Professor Huxley (*Nineteenth Century* for February, 1888) :—

" Any one who is acquainted with the state of the population of all great industrial centres, whether in this or other countries, is aware that amidst a large and increasing body of that population there reigns supreme . . . that condition which the French call *la misère*, a word for which I do not think there is any exact English equivalent. It is a condition in which the food, warmth, and clothing, which are necessary for the mere maintenance of the functions of the body in their normal state, cannot be obtained ; in which men, women, and children are forced to crowd into dens wherein decency is abolished, and the most ordinary conditions of healthful existence are impossible of attainment ; in which the pleasures within reach are reduced to brutality and drunkenness ; in which the pains accumulate at compound interest in the shape of starvation, disease, stunted development, and moral degradation ; in which the prospect of even steady and honest industry is a life of unsuccessful battling with hunger, rounded by a pauper's grave. . . . When the organization of society, instead of mitigating this tendency, tends to continue and intensify it, when a given social order plainly makes for evil and not for good, men naturally enough begin to think it high time to try a fresh experiment. I take it to be a mere plain truth that throughout industrial Europe there is not a single large manufacturing city which is free from a vast mass of people whose condition is exactly that described, and from a still greater mass, who, living just on the edge of the social swamp, are liable to be precipitated into it."

Land reform a partial remedy only.—How far would land restoration alone remedy this ? If it were possible to nationalize soil apart from capital, the ground rents recovered for the nation might possibly amount to the present sum of our imperial and local taxation, £240,000,000 or thereabouts.¹ The pecuniary relief certainly could not amount to more. Land nationalization might further immensely benefit society, where it now suffers from the curmudgeonism of private owners. But so long as capital continued to be used for the exploitation of the workers, so long would their economic slavery continue. Those who retain the capital, without which the earth and all

¹ " Statistical Abstract of the United Kingdom," Cd.—3,691, 1907.

its products cannot be worked, will step into the place of the landlord, and the tribute of "interest" will be augmented. Society will be relieved, but not freed.

Objections to Socialism.—But the "practical" objector may say: Does not the capitalist now administer his capital and direct industry? Was not this admitted above? And is not capital, the product of labour, maintained and augmented by saving? How will Socialists provide for the administration and increase of capital?

"Management."—The question is being answered by the contemporary development of industrial organization. How much of the "management of land" is done now by the landlords, and how much by the farmer and the agent, or the bailiff? The landlord's supposed function in this respect is almost entirely performed by salaried professional men. As to capital, who manages it? The shareholders in the joint stock companies, who own nearly five-sixths of the whole industrial capital? No! The shareholding capitalist is a sleeping partner. More and more every day is the capitalist pure and simple the mere *owner* of the lien for interest, becoming separated from the administrator of capital, as he has long been separated from the wage worker employed therewith. The working partner, with sleeping partner drawing interest, is every day passing into the form of the director of a joint stock company. More and more is the management of industries falling into the hands of paid managers, and even the "directors" emphasize the fiction that they are not mere money-bags and decorative M.P.'s, by the humorous practice of taking fees for their labours at board meetings.

The administrator of capital can be obtained at present for a salary equivalent to his competition value, whether the concern to be managed be a bank, a railway, a brewery, a mine, a farm, a factory, a theatre, or a hotel. The transfer to the community (national or local) of the ownership of the main masses of industrial capital

need make no more difference in this respect than does the sale of shares on the Stock Exchange at the present moment.

“Saving.”—As for the *saving* of capital, what does that mean? The artificial instruments of production which form the bulk of property exist certainly only because human labour has been devoted to the production of forms of wealth other than those which are for immediate consumption. Every man in receipt of an income has the option of taking out his claim on the labour of society in the form of immediate enjoyments, passing and perishing in the use, and leaving the world no richer—as luxuries of all kinds, leisure for amusement or travel, service of menials, royal wedding illuminations, beer and skittles, or else in the form of more permanent products or of instruments which can be used for further wealth-production. All that he spends on the latter class of product is said to be saved—and at least two hundred million pounds annually, according to Sir R. Giffen, are “saved” in this way by the creation of new houses, docks, railways, roads, machinery, and other aids to future labour. If a man’s income represents the competition value of work done by him, it is said that he has “produced” the amount of saving so made, and has some title to its ownership.

But just as the productive qualities of land are only maintained by the continuous application of human industry, so the most permanent forms of capital are perpetually wasting and being repaired, whilst, of the less durable forms, such as machinery, raw material, and farming stock, the whole is incessantly transformed, consumed, replaced and renewed. The capital saved by the original investor has long since disappeared.

There are, however, very few forms of consumable wealth which can be “saved” at all. Food, clothing, ordinary comforts and luxuries, amusements, and all that makes up our daily life, admit of little storage.

When we say that a man has saved so much wealth, we simply mean that he has abstained from taking out a

claim which he had on society, and that its payment is, by agreement, deferred to the future. But the wealth which is to meet that claim does not at present exist. It is to be produced by the workers, when, where, and in the form asked for.

If we admit the fairness and advantage of guaranteeing to every man the equivalent of the result of his own industry, we should deny that there is adequate social advantage in a system which permits him to convert this claim into a lien for a perpetual annuity, an enduring tribute from the workers for the use of that which only their using can keep from perishing, while he retains undiminished all the time his claim to the repayment of the original "saving."

The "saving" of capital, the increase of the instruments of production and of permanent commodities by the abstention from consumption of all wealth produced, is undoubtedly an advantage to society. If any individual, for the sake of rendering such advantages to society, abstains in any year from himself consuming all that he has earned, by all means let him be repaid in his old age, or whenever he wants the equivalent of his past activity. Why should we not, as a transitional expedient, treat such economizers as we treat inventors, and if they will not work without such a precise guarantee, if they are still purely individualist in their motive for activity, give them such a reward as we give individualist inventors¹ in their patent rights, so long as such encouragement is necessary for the creation and interest of our capital. But let that which society has maintained and fructified invariably pass to society within a limited period. Somuch may be necessary for the present to promote saving out of earned incomes; for saving out of the unearned incomes of rent and interest society can even now take its own measures by taxation for the increase of public capital. As soon as industrial capital is owned by those who use it, provision out of

¹ Non-individualist inventors are those who, like the late Thomas Stevenson (lighthouse engineering), Michael Faraday (industrial chemistry and electricity), Sir William Simpson (anaesthetics), and a host of others, return gratuitously to society the fruits of their inventive genius, and take out no patents.

income for all necessary maintenance and increase of the instruments of production will be an ordinary and obvious element in its administration, as it is now in a joint stock company, and our present precarious dependence on the caprice or acquisitiveness of individuals will be superseded.

We appeal, therefore, to Land Nationalizers to consider their reason for hesitating to work with us for the nationalization of capital, on the ground that the evolution of industry has rendered land and capital indistinguishable and equally indispensable as instruments of production, and that, holding with J. S. Mill that the "deepest root of the evils and iniquities which fill the industrial world is . . . the subjection of labour to capital, and the enormous share which the possessors of the instruments of industry are able to take from the produce,"¹ we see clearly that if they would make any improvement in the condition of the agricultural labourer and his fellow wage-slave in the towns, they will be forced to abandon the illogical distinctions that are sometimes drawn between the instruments with which they work.

As instruments of production, the use and value of land and capital alike are due to human labour ; alike they are used for the hindrance or exploitation of industry by their proprietor ; alike they are limited in quantity, and consequently subject to monopoly ; alike they enable a private monopolist to exact tribute from the workers for the use of that which the workers have produced.

The Political Situation.—We appeal to political reformers of all parties to work with us in the spirit which is more and more merging politics in Socialism. However much they may hold aloof from the Land Nationalization movement, and resent the imputation of Socialistic tendencies, they have yet been, and still are, and will be, forced to modify our social system in the Socialist direction. What were the Tory Factory Acts, the Truck Acts, the Mines Regulation Acts, the Workmen's Compensation Acts, but limita-

¹ Quotation from Feugueray, in *Principles of Political Economy*, p. 477, edn. of 1865.

tions of the power of capital? What are the Adulteration Acts, the Merchant Shipping Acts, the Employers' Liability Acts? What was the Abolition of the Corn Laws? The *Mark Lane Express* has told us—a confiscation of the "property" of the landlords. What are the Irish Land Acts and the action of the Land Commissioners? What are the proposals of official Liberals for a "just taxation of land values and ground rents," and "taxation" (apparently not necessarily "just") "of mining royalties,"¹ and of politicians of both parties for a sliding scale of income tax, but projects for the partial recovery for the nation of the toll which property takes from industry? What are the Small Holdings and Allotments Acts, but the beginning of provision for the municipalization of land?

In what respect, then, do the supporters of these measures differ from us on grounds of principle?

Why are these reformers not Socialists? Why do they hesitate to join the only party of social reform which has definite principles of action, and a clear vision of the course of economic evolution? Have they not paved the way by their progressive restrictions of the despotism of the private employer? And are they not constantly extending the sphere of social industry in the post office, the telegraphs, telephones, tramways, docks, harbours, markets, schools, the supply of gas, water, and electricity, and many other public undertakings? Are they not steadily increasing the local taxation of realized property, and recovering rent for public use, by the rates on rent for education, parks, free libraries, public baths, meals for school children, and other social conveniences?

All these are Socialistic measures, that is, they tend either to the recovery of some portion of the tribute which landlord and capitalist now levy, or to the assumption by the community of the control of land and industrial capital. These measures we would extend by increased taxation, and by the additions to, such communal administration, in the hope of leavening the Individualist society in which we have to work. Such advances serve as palliatives of

¹National Liberal Federation Resolution, 1891.

circulated a proposal that a few Socialist missionaries should buy a gipsy caravan and live in it "until the Revolution," an event evidently to be expected before the ensuing winter !

It was against all thinking and teaching of this catastrophic kind that the Society gradually came to set its face—not, as I believe, because we were any less in earnest in our warfare against existing evils, or less extreme in our remedies, but because we were sadly and sorrowfully driven to the conclusion that no sudden or simultaneous transformation of society from an Individualist to a Collectivist basis was possible, or even thinkable.

On the other hand we had but little sympathy with schemes for the regeneration of mankind by the establishment of local Utopias, whether in Cumberland or in Chili. To turn our back on the Unearned Increment and the Machine Industry seemed a poor way of conquering them. We had no faith in the recuperative qualities of spade husbandry or in any devices for dodging the Law of Rent. In short, we repudiated the common assumption that Socialism was necessarily bound up with Insurrectionism on the one hand or Utopianism on the other, and we set to work to discover for ourselves and to teach to others how practically to transform England into a Social Democratic Commonwealth.

Well, we have, I hope, all learned a great deal since 1884, but everything that has happened during these years has strengthened our faith in the fundamental principles of our association. If I might speak in the name of our members, I should say that we are more than ever convinced of the utter impossibility of what may be called Catastrophic Socialism and all its attendant heresies. Nor have we seen reason to alter our distrust of separate Socialist communities, in whatever specious new form the old idea may clothe itself. For all these years we have held on our course, turning neither to Insurrectionism on the one hand nor to Utopianism on the other.

If now I briefly recall to your mind some instances of the progress of Collectivist ideas during these years, I trust that no one will imagine that I am attempting to claim

that progress as the work of the Fabian Society, or indeed of any society whatever. Nothing is more futile than to endeavour to ascribe the exact cause and origin of a general intellectual movement, of which we are, indeed, ourselves a product. The seeds of the Socialist harvest of the last few years were sown by the great thinkers and teachers of the last two generations ; and it would be idle to attempt to measure the exact influence of any one of them in the transformation of ideas amid which we are now living.

I take as a starting-point, not 1884, but the year 1880, which, as I conceive, approximately marks the turning of thought. At that date we may almost say that an un-systematic and empirical Individualism reigned supreme. Not in one political party alone, or in one class of society, but in all alike, we find the assumption that the functions of government ought to be reduced to the barest minimum ; that free competition, leading as it was supposed to the survival of the fittest, was the only sure foundation of a prosperous State ; and that the incessant private " war which leads each man to strive to place himself on another's shoulders and to remain there " (Sir Henry Maine, *Popular Government*), was, on the whole, a benevolent dispensation of Providence, and part of the " Laws of Nature," not impiously to be interfered with.

The Liberal Party, at that time almost exclusively dominated by the manufacturers and the Whig families, was living on the remnants of the political reputation of the Manchester School. A vague belief in the saving grace of non-intervention abroad and *laissez faire* at home, was vitalized only by a practical programme of the extension of household franchise to the counties. To the rising desire for social reform it presented no more hopeful solution than the economic negotiations of Nassau Senior and Fawcett. The object of all social reforms, authorized or unauthorized, was to enable the artisan to become a small capitalist, and the labourer a small landowner. " Three acres and a cow " in the country had its analogue in schemes of leasehold enfranchisement in the towns. As an alternative to the existing order of squires and captains

of industry, we had offered to us a millennium of peasant proprietors and small masters. It is needless to enlarge upon the self-complacency with which both Liberal and Conservative capitalists delighted in reminding the working-men of all the future possibilities of self-advancement, when land should be "free," food cheap, and industrial competition unrestricted. The epics of this faith have been written by that unconscious corrupter of youth, Mr. Samuel Smiles, and are still fresh in the memories of most of us.

In 1880 Mr. Gladstone came into power on a wave of popular indignation against atrocities in Bulgaria, which dispensed with the necessity for any programme of social reforms in England. The political Radicals, swept along by the same wave, were too busy denouncing international aggression to be effective even on fiscal reform and political democracy, beyond which they had practically no vision. The Conservatives, less traditionally bound to Administrative Nihilism, had just consolidated the Factory Acts, but their leaders had been so far perverted as deliberately to leave the whole range of sweated trades outside the effective scope of the law, and to give up all attempts to shorten the hours of labour. Even the working-men had been permeated by the same policy. The Trade Union leaders could think of only four trivial amendments to propose to the Factory Bill of 1878. The Trade Union Congress of those years asked for practically nothing but an Employers' Liability Bill. In 1879 there were a great many more unemployed than there have ever been since, but no responsible authority thought of anything but charity or poor relief for them. Free Education, Extension of the Factory Acts, Limitation of the Hours of Labour, Expansion of Municipal Activity, though all proposed long before, seem, in 1880, scarcely to have entered the heads of any of those who were leading either the Conservative, the Liberal, the Radical, or the Trade Union forces. But more striking even than this barrenness of programme was the total absence of any systematic view of politics as a whole. In this respect the most advanced statesman of that day stood out in

marked contrast with the Philosophic Radicals of the first half of the century. I will quote the significant comment of a shrewd critic of Mr. Gladstone's Cabinet :—

"James Mill and his school had two characteristics which have not always marked energetic types of Liberalism, and perhaps do not mark them in our own day. The advanced Liberals of his time were systematic, and they were constructive. They surveyed society and institutions as a whole ; they connected their advocacy of political and legal changes with theories of human nature ; they considered the great art of government in connection with the character of man, his proper education, his potential capacities. They could explain in the large dialect of a definite scheme what were their aims and whither they were going. . . . Is there any such approach to a body of systematic political thought in our own day ? We cannot say that there is " (Mr. John Morley, in a review of Bain's "*Life of James Mill*," *Fortnightly Review*, vol. xxxi. p. 503. April, 1882).

Now in estimating the progress of Collectivism since 1880 I do not propose to make any parade of the membership and influence of the various Socialist societies, which seem to me to be, at the present time, far greater than at any previous period. Nor will I recite a long list of bills which have been passed, and claim these as more or less triumphs of Collectivism. It would be easy to argue that the multiplication of municipal gasworks is an unconscious adoption of the principle of Socialism, just as the freeing of schools and the building of gratuitous libraries is of that of Communism. But what we Socialists are aiming at is not to secure this or that reform, still less to put this or that party into power, but to convert the great mass of the English people to our own views. We are trying to satisfy the ordinary man, not merely that most of the existing arrangements of society are fundamentally defective—for on that point the great majority have always been most painfully convinced—but also that the main principle of reform must be the substitution of Collective Ownership and Control for Individual Private Property in the means of production. In short, the Socialist task is to contribute

to this generation the "body of systematic political thought," of which Mr. John Morley was in 1882 deplored the lack. Though we cannot count among our ranks any men of the calibre of Bentham and James Mill, though we have neither the wealth nor the position of the Philosophic Radicals of the first part of the century, yet I take it that the work set before us is analogous to theirs. The Socialists are the Benthamites of this generation. And if I had to sum up the effect upon the public mind of the Socialist propaganda of the past few years, I could find no better description than that given of the work of the Benthamites.

"They produced," says a very competent observer, "a much more serious effect on public opinion than superficial inquirers perceived, or interested ones would acknowledge. The important practical effect was not made evident by converting and bringing over large numbers of political partisans from one banner or class to another, or by making them renounce one appellation and adopt another; but it was shown by affecting the conclusions of all classes, and inducing them, while they retained their old distinctive names, to reason after a new fashion, and according to principles wholly different from those to which they had been previously accustomed" (J. A. Roebuck).

It is, of course, especially in the economic and industrial field that we find this reasoning "after a new fashion, and according to principles wholly different from those to which they had been previously accustomed." It has become more and more plain that the facts of industrial life are "dead against" the realization of the individualist ideal of each man becoming his own master. The Industrial Revolution, with its aggregation of production into ever larger enterprises, has rendered it practically impossible for five-sixths of the population to be anything but hired servants, dependent on the owners of land and capital for leave to earn a living. At the same time the spread of economic knowledge has made it clear that even the most virtuous artisan cannot dodge the law of rent; and he is therefore left face to face with the grim fact of a colossal

tribute levied by ownership upon industry, without any obligation on the part of the receivers to render social service in return. It is especially the growing understanding of this Ricardian law of rent which has revolutionized London politics, and has caused the hostile indifference with which the artisan in other centres is coming to regard both the great political parties. The outcome of this new ferment is the formation of an incipient Collectivist body of opinion among the great bulk of the younger men, the rising London party, and the new-born Labour Movement.

The political effect of this change of opinion is seen in the gradual transformation of party programmes, especially on the Land question. In the Liberal party the new Collectivist section is in direct antagonism to the "old gang." Its aim is not the subdivision of property, whether capital or land, but the control and administration of it by the representatives of the community. It has no desire to see the Duke of Bedford replaced by five hundred little Dukes of Bedford under the guise of enfranchised leaseholders, but prefers to assert the claim of the whole community to the land, and especially to that "unearned increment" of value which the whole community creates. It has no vain dream of converting the agricultural labourer into a freeholder, farming his own land, but looks to the creation of parish councils empowered to acquire land for communal ownership, and to build cottages for the labourers to rent. The path to its town, Utopia, is that of Mr. Chamberlain's early career, though not of his political programme—unlimited municipalization of local public services and a wide extension of corporate activity. London in particular has caught up the old Birmingham cry of "High rates and a healthy city," but with a significant difference. Our modern economists tell us that the first source of public revenue for a rising city is the growing rental value of its site, which at present falls into private hands. Hence the new demand for the gradual municipalization by taxation of urban land values—a demand still so little understood by most of our statesmen that they fondly imagine it to have something to do with a division

of rates between house-owner and occupier. It is coming to be remembered, in short, that Bentham himself, the great father of Political Radicalism, urged that taxation need not be limited to the supply of funds for the bare administrative expenses of the State, but that wisely handled it also supplied a means of gradually securing the great end of equality of opportunity to every citizen.

The typical young politician, who twenty years ago was a convinced Individualist quoting Mr. Herbert Spencer, is nowadays an empirical Collectivist of a practical kind. His face is turned away from the Individualist ideal of his fathers towards a period of ever-increasing collective action. Happily, however, he is no Utopian, and realizes that it is impossible all at once to take over the administration of the land and capital of the community. Where direct public administration is still impracticable, the public interest can only be secured by collective regulation of the conditions of labour, in order to prevent the Standard of Life of the workers from being degraded by private greed. And hence it is that the extremely valuable mantle shared by Robert Owen and Lord Shaftesbury, and despised by the older Liberals, is now the joint heritage of the Labour Party and the Collectivist Radicals; Eight Hours Bills, practicable and impracticable, are the order of the day, and drastic proposals for the annihilation of "Sweating" excite the undisguised horror of the older members of both Liberal and Conservative parties. And since all this regulation and supervision of private enterprises is burdensome and expensive, the presumption of the younger politicians is distinctly against individual profit-making where it is possible to dispense with it. The best Government is no longer "that which governs least," but "that which can safely and advantageously administer most."

All this is encouraging progress for so short a period as a few years. But it amounts, of course, to no more than the preliminary steps in the conversion of England. Public opinion, in fact, is in "a fine state to begin on." Adhesion to Socialism is no longer a disqualification for

a candidate. Politicians lend a willing ear to Socialist proposals. Now is the time to bring to bear a body of systematic and constructive political thought, such as that with which the Philosophic Radicals won their great triumphs. The greatest need of the English Socialist Party at this moment is men and women of brains who will deliberately set themselves, by serious study, to work out the detailed application of Collectivist principles to the actual problems of modern life. We need to do a great deal more hard thinking in almost every department of our Socialist programme. I am appalled when I realize how little attention we have yet been able to pay to what I may call the Unsettled Questions of Democratic Administration.

To take, for instance, the pressing problem of the Unemployed. In my humble judgment no plan has yet been devised by which the fluctuations of work could be entirely prevented, or safe and profitable employment found for those rendered idle by no fault of their own. It is easy enough to demand that something should be done ; and I entirely agree with agitating the subject ; but something more than agitation is required. It is of no use urging remedies which can be demonstrably proved to be worse for the patient than the disease itself. I fear that if we were given full power to-morrow to deal with the unemployed all over England we should find ourselves hard put to it how to solve the problem. Or to turn to another field, in which practically nothing has yet been done. Have we any clear and decided view as to the relation between central and local authorities ? How far do we wish to increase the power of the national administration at the expense of local governing bodies—to what extent, that is, will our Social Democracy be consistent with local Home Rule ? The Glasgow Town Council, for instance, was lately quarrelling with the Postmaster-General as to whether the telephone should fall within the sphere of municipal or of national Socialism. It is evident that some departments of public administration can be best managed from one central office. It is, I suppose, equally evident that others must be administered locally,

under some kind of central control. But which subjects should be local and which should be central—upon what principle the division should be made, and in what form and to what extent there should be a central control—these are problems to which, as far as I know, no solution has been found, and very little serious thought been given.

I do not suggest that we Socialists are more ignorant than other people: on the contrary, the two puzzles that I have chosen are at present puzzles to the whole world. But the whole world is not equally interested with ourselves in getting a solution of them. Those who believe that nothing ought to be done for the unemployed are not likely to succeed in finding anything; and we can hardly expect those who object to any extension of Democracy to help us to solve the problems which it presents. It is we who must discover the answers to our own conundrums; and I do most seriously suggest that there is no more valuable field of work for any group of Socialists, no more fruitful service to the Socialist cause, than for them earnestly and persistently to study, in the light of the ascertained facts, some one of the many social problems to which we have to apply our Socialist faith. Depend upon it, the first step to getting what we want is a very clear and precise knowledge of what it is that we want.

But this want of precision in our thinking may easily do worse than merely delay our progress; there is, as it seems to me, a good deal of danger of its leading us positively astray from the Socialist goal. The circumstances of modern life are so complicated, the problems to be dealt with are so difficult, the need for prompt action is often so great, that we may easily be led to take up schemes of reform which promise some immediate improvement on the present state of things, but which are not really in the line of advance towards a genuine Collectivism.

Here I venture on dangerous ground. But if we are to clear up our ideas, and apply our Socialist principles to the practical problems of life, we must definitely make up our mind between contrary ideals. If our aim is the transformation of England into a Social Democracy, we must frankly accept the changes brought about by the

Industrial Revolution, the factory system, the massing of population in great cities, the elaborate differentiation and complication of modern civilization, the subordination of the worker to the citizen, and of the individual to the community. We must rid ourselves resolutely of those schemes and projects of bygone Socialisms which have now passed out of date, as well as from the specious devices of Individualism in a new dress. All these I class together as Spurious Collectivism, making, in my view, not for social progress, but for reaction.

Utopia Founding.—And first let us deal with the ideas of those amiable enthusiasts who are still bent on the establishment of ideal communities. Scarcely a year passes without some new project for the formation of a perfect Socialist colony in Paraguay or Peru, Mexico or Matabeleland, where all the evils of landlordism and the machine industry are to be avoided. The authors of such schemes are often chided for their unbounded belief in human nature. To me, on the contrary, they seem to be throwing up the sponge in despair. Their disgust with the world of Competition and Individualism, their impatience with the slow and gradual methods of Democratic progress, come really not from too much, but from too little faith in humanity. "I see very little hope for the workers as a class," writes one of them, "even if they get all they want. Our best plan for the present is to form for ourselves a little backwater outside the force of the main current, so that we ourselves may not be entirely swept away—a little space free from the mists and miasma of competition, so that we, at least, may breathe the fresh air of freedom and brotherhood" (Letter in *Brotherhood*, January, 1894).

Now I do not for a moment wish to discourage any young Socialist who feels a burning desire to shake the dust of civilization off his feet. Nevertheless, the aim of the modern Socialist movement, I take it, is not to enable this or that comparatively free person to lead an ideal life, but to loosen the fetters of the millions who toil in our factories and mines, and who cannot possibly be moved

to Freeland or Topolobampo. For the last two generations we have had social prophets, who, seeing the impossibility of at once converting the whole country, founded here and there small companies of the faithful, who immediately attempted to put into practice whatever complete ideal they professed. The gradual adoption of this ideal by the whole people was expected from the steady expansion of these isolated communities. But in no single case has this expectation been fulfilled. Most of these isolated colonies outside the world have failed. Some few, under more favourable circumstances, have grown prosperous. But whether they become rich or remain poor, they appear to me equally disastrous to the real progress of Socialism inside the world as we know it.

Wise prophets nowadays do not found a partial community which adopts the whole faith ; they cause rather the partial adoption of their faith by the whole community. Incomplete reform is effected in the world of ordinary citizens, instead of complete reform outside of it. Genuine Socialism grows by vertical instead of horizontal expansion ; we must make ever more Socialistic the institutions amid which we live, instead of expecting them to be suddenly superseded by any new set imported from elsewhere. By this method progress may be slow, but failure is impossible. No nation having once nationalized or municipalized any industry has ever retraced its steps or reversed its action.

Sometimes, however, the Utopia founder comes in more dangerous guise. He propounds his scheme, not entirely as a Socialist colony, but as a means of providing for the unemployed. Here is one of the latest of these proposals, put forward by a comrade whom we all respect for sincerity and boundless energy :—

"The Easiest Way to Socialism.—In the present crisis, with the unemployed clamouring for immediate relief, and every humane heart in the country backing their plea, the most suitable and hopeful governmental way of ushering in a Socialistic State is to found for them a partial and optional Co-operative Commonwealth. This is now, probably, in the present state of public opinion, the most

convenient and easy end to begin at ; better even than any general scheme of land nationalization, or the nationalization of anything else. Let the nation acquire immediately, with public money or public credit, just enough of the 6,000,000 untilled or half-tilled acres of the country to set those to work productively who ask for employment ; let these, under proper guidance, make some sort of rough dwellings for themselves and their families and one another, grow food, and supply mutually each other's pressing needs ; as far as possible, let each man and woman be put to the kind of productive work they have been respectively accustomed to ; and let those who have no skill be trained into usefulness ; let the workers' wages be a draft on the store they help to fill by their labour ; let there not be any loss of vote or any slightest stigma of pauperism connected with this public organization of industry ; and let its internal management be as democratic as may be found consistent with the preservation of order and efficiency. Such an organization—a little optional co-operative commonwealth, free to every citizen—would become, in all probability, the nucleus of the coming Socialistic State. The standard of comfort in it at first would not be very high, but, freer from the burden of landlordism and capitalism than the rest of the country, it would be bound to rise rapidly and steadily, and would attract permanently a larger and ever larger proportion of the nation, and more and more skilled workers, until wellnigh all the industry and commerce of the country were absorbed into it " (Editorial in *Brotherhood*, December, 1893).

Could there be a more enticing mirage ? Solve the problem of the Unemployed and establish a Social-Democratic Republic at one stroke ! What a contrast to such pettifogging work as slowly and with infinite difficulty building up a Municipal Works Department under the London County Council ; fighting to recover, inch by inch, the control of the Thames, the docks and the water supply ; puzzling out the means of so perfecting the Mines and Railways Regulation Acts, the Factory and Public Health and Licensing Codes, that the degradation

of the Standard of Life and the manufacture of fresh unemployed may be arrested ; discovering how to recover for the use of the whole community an ever larger share of the rent and interest going into idle pockets ; organizing, educating, and disciplining the workers into Trade Unions ; painfully elaborating a network of schools and classes which shall day by day open out to the poorest child in the remotest corner of the realm more of the real treasures of civilization. Why not drop all this and concentrate our efforts on the simple expedient of persuading a Parliament of landlords and capitalists to vote the necessary sixty or a hundred and sixty millions sterling, to buy and stock 6,000,000 acres of land on which our out-of-works may be "freer from the burden of landlordism and capitalism than the rest of the country" ? I do not wish to-night to discuss the problem of the Unemployed. It is, I think, probable that, as regards one class of the Unemployed, a term of servitude in an educational Labour colony on a small scale, managed in a proper way, would be the best (though an expensive) means of restoring them to the ranks of productive citizens. But to imagine that any such colony could be self-supporting, that the land which no capitalist will now till with expert farm labourers at ten shillings a week would yield Trade Union rates of wages to a mixed crowd of unemployed townsmen ; that such a heterogeneous collection of waifs and strays, without a common acquaintanceship, a common faith, & a common tradition, could be safely trusted for a single day to manage the nation's land and capital ; finally, to suppose that such a fortuitous agglomeration of undisciplined human atoms offers "the most suitable and hopeful way of ushering in a Socialistic State"—all this argues such a complete misconception of the actual facts of industrial and social life, such an entire misunderstanding of the process by which a Democratic society passes from one stage of its development to another, that I feel warranted in quoting it as an extreme instance of Utopia-founding.

What we Socialists are after is not any clearing out from our midst of those unfortunates who form the reserve army of Labour, even if this were possible, but the organiza-

tion of public services in such a way that no such reserve army shall exist. We do not, for instance, want to set unemployed dockers or gasworkers to dig, but so to administer the docks and gasworks that there shall be no such constant fringe of casual labour. To the solution of this problem Utopia-founding, or any other scheme of "organizing the unemployed," helps just nothing at all.

Trade Sectionalism.—A more insidious form of Spurious Collectivism is that which makes, consciously or unconsciously, the trade and not the community the unit of administration, and which is expressed in the cry of the land for the labourer, the mine for the miner—I do not know whether we may add the school for the school-teacher and the sewer for the sewerman.

This Trade Sectionalism is of very old date. It was one of the earliest forms taken by the Socialist movement in this country. Under the system proposed by Robert Owen in 1833 the instruments of production were to become the property, not of the whole community, but of the particular set of workers who used them. The Trade Unions were to be transformed into "National Companies" to carry on all the manufactures. The Agricultural Union was to take possession of the land, the Miners' Union of the mines, the textile unions of the factories ; ~~each trade being carried on by its particular Trade Union,~~ centralized in one "Grand Lodge."

Of all Owen's attempts to reduce his Socialism to practice, this was certainly the very worst. His schemes of factory legislation have raised the standard of life of millions of workers all over the world. For his short-lived communities there was at best the excuse that within their own area the competitive conflict between independent owners was eliminated. But in "the Trades Union," as he conceived it, the mere combination of all the workmen in a trade as co-operative producers, would no more have eliminated commercial competition than a combination of all the employers in it into a joint stock company. His Grand Lodges would have been simply the head offices

of huge companies owning the entire means of production in their industry, and subject to no control by the community as a whole. They would therefore have been in a position at any moment to close their ranks and admit fresh generations of workers only as employees at competitive wages, instead of as shareholders, thus creating at one stroke a new capitalist class and a new proletariat. Further, improvident shareholders would soon have begun to sell or pawn their shares in order to spend their capital, finally dropping with their children into the new proletariat; whilst the enterprising and capable shareholders were trafficking in their shares to buy into other and momentarily more profitable trades. Thus there would have been not only a capitalist class and a proletariat, but a speculative stock market. Finally there would have come a competitive struggle between the companies to supplant one another in the various departments of industry. Thus the shipwrights, making wooden ships, would have found the boiler-makers competing for their business by making iron ships, and would have had either to succumb or to transform their wooden ship capital into iron ship capital, and enter into competition with the boilermakers as commercial rivals in the same trade. Moreover, the whole effect of economic rent was entirely overlooked. The fact that the expenditure of labour required to bring articles of the same desirability to market varies enormously according to natural variations in fertility of soil, distance to be traversed, proximity to good highways, waterways, or ports, accessibility of water power or steam fuel, and a hundred other circumstances, including the organizing ability and executive dexterity of the producer, was left out of account. Owen assumed that the labour of the miner and that of the agricultural labourer would spontaneously exchange equitably at par of hours and minutes when the miners had received a monopoly of the bowels of the country, and the agricultural labourers of its skin. He did not even foresee that the Miners' Union might be inclined to close its ranks against recruits from the farm labourers, or that the Agricultural Union might refuse to cede sites for the

Builders' Union to work upon. In short, the difficult economic problem of the equitable sharing of the advantages of superior sites and opportunities never so much as occurred to the enthusiastic adherents of William Thompson's theory, afterwards to be elaborated by Karl Marx, that all exchange values could be measured in terms of "Labour Time" alone.

Now I do not suggest that we are in danger of any complete revival of Owen's Trade Sectionalism, but I often hear Socialists drop into proposals which tend in that direction. The impatience manifested when it is pointed out that Trade Unions will continue to be necessary in a Social Democratic State; the reluctance which many Socialists exhibit to regarding Board Schools or Woolwich Arsenal as essentially Socialistic institutions; the proposals occasionally made that the operatives in each trade should elect the managers of it or fix their own hours of labour—all these seem to me to be survivals of Owen's principles, diametrically opposed to modern Socialism. But let me take an actual example from France, a land where all parties are supposed to be more strictly logical in their thinking than those of our compromising island. A few years ago Monsieur Goblet, with, as I understand, the concurrence and support of the whole of the Socialist members of the Assembly, proposed, as a Socialist measure, that the present coal-owners should, under certain circumstances, be expropriated, and the mines transferred, not to the community as a whole, or to any town or district, but to the men actually working in each mine, who were to divide among themselves the profits hitherto enjoyed by the individual lessees of the mines. I have read a good many notices of this proposal, but I have nowhere seen it pointed out that, so far from being Socialist in character, it is really in direct opposition to Socialist principles. We do not desire to see the mines, and the profits from the mines, transferred to the miners, but to the community as a whole. How far the management should be national and how far local is an unsettled problem of Democratic administration. But to hand over the nation's coal to one particular set of the workers is, in my view, no more a

Socialist proposal than the late Sir George Elliot's scheme for transferring it to a capitalist syndicate. What we as Socialists look for is, not the assumption by any trade of the management of that trade, but the extension of the public organization of industry, whether under the Central Government, the County, the Town, or the Parish Council, in the interest of the community as a whole.

Joint Stock Individualism.—If we reject Owen's Trade Sectionalism as a spurious form of Collectivism certain to develop into Joint Stock Individualism on a large scale, what are we to say to schemes which frankly begin and end with Joint Stock Individualism on a small scale? The zealous and devoted men who made the Christian Socialist Movement of 1848–54, and who got their ideals from Louis Blanc and the Paris Socialists of 1848, sought to replace the capitalist *entrepreneur*, not by the official of the community, but by little groups of independent workmen jointly owning the instruments of their trade, and co-operating in a "self-governing workshop." This dream of co-operative production by Associations of Producers still lingers vaguely about the Trade Union world, and periodically captures the imagination of enthusiastic reformers. It is still nominally recognized by the main body of co-operators as one of the ideals of their movement, and it enjoys the very vigorous advocacy of an association of its own. But alike in the Trade Union and the Co-operative worlds, the Association of Producers, necessarily sectional in principle and working for its own gain, is being rapidly superseded by the contrary ideal of an Association of Consumers, carrying on industry, not for the profit of the worker, but with the direct object of supplying the wants of the community in the best way.

I should have thought there would have been no doubt as to the side that we Socialists should take in this controversy. It may be all very well for a little group of thrifty artisans to club together and set up in business for themselves in a small way. If their venture is prosperous they may find it more agreeable to work under each other's eye than under a foreman. Co-operative

production of this sort is at best only a partnership of jobbing craftsmen, with all the limitations and disadvantages of the small industry. From beginning to end it is diametrically opposed to the Socialist ideal. The associated craftsmen produce entirely with a view to their own profit. The community obtains no more control over their industry than over that of an individual employer. They openly compete for business with private firms and other associations of producers. The self-governing workshop belongs, in fact, not to Socialism, but to Joint Stock Individualism. Moreover, in the great majority of existing cases the so-called associations of producers have a darker side. There are capitalist partners who are not workers, and wage-workers who are not partners. In order to increase the gains of the members, their numbers are strictly limited, new hands are taken on at wages often below Trade Union rates, or, worse still, work is given out to be done at home on the sweating system. The self-governing workshop becomes, in short, a little partnership of small masters, with all the attendant evils of that decaying form of industrial organization. The co-operative production of the self-governing workshop appears to me, therefore, Spurious Collectivism of a bad type. On the other hand the co-operative production of the store and the two great Co-operative Wholesale Societies is a genuine step in advance along our own lines. Unfortunately the distinction between the co-operation of associations of consumers, and that of associations of producers is often misunderstood. We have Socialists and Trade Unionists denouncing the great co-operative organizations of the North of England, with their million of members, and the forty millions sterling of annual trade which they have rescued from the profit-maker—denouncing, too, not their incidental shortcomings, but the very principle of their association; and upholding, on the contrary, what is, I presume, supposed to be the more Socialist principle of profit-sharing or even of the self-governing workshop. The great boot factory, which the million of co-operators have built at Leicester for the supply of their own boots, is attacked on the ground that

the profits of the bootmaking are not given to the bootmakers there employed, but are carried to the credit of the whole co-operative community, of which the bootmakers can and do form part. The working-men of Rochdale or Leeds, who have joined together to organize on a co-operative basis the supply of their own wants, are reproached for not handing over some or all of the annual surplus of receipts over expenditure (for I will not call it profit) to the shop-assistants employed in their service. For the life of me I cannot see that this is a Socialist criticism. The whole of our creed is, that industry should be carried on, not for the profit of those engaged in it, whether masters or men, but for the benefit of the community. We recognize no special right in the miners, as such, to enjoy the mineral wealth on which they work. The Leicester boot operatives can put in no special claim to the profits of the Leicester boot factory, nor the shopmen in a co-operative store to the surplus of its year's trading. It is not for the miners, bootmakers, or shop-assistants, as such, that we Socialists claim the control and the profits of industry, but for the citizens. And it is just because the million co-operators do not, as a rule, share profits with their employees as employees, but only among consumers as consumers ; because the control of their industry is vested not in the managers or operatives but exclusively in the members, with one man one vote ; and because they desire nothing more ardently than to be allowed in this way to make the whole community co-partners with themselves and participants in their dividend, that their organization appears to me to be thoroughly Collectivist in principle.

Industrial Anarchism.—I suspect, however, that there is something more than confusion of thought in the preference frequently shown by Socialists for the self-governing workshop, run by the workers in it, over the Co-operative factory or Municipal Works Department managed by the representatives of the community. In our capitalist system of to-day there is so much "nigger-driving," so many opportunities for petty tyranny, so frequently a

bullying foreman, that I do not wonder when working men look with longing upon an ideal which promises to make them their own masters, if only in a small way. With this feeling every one must sympathize. It is just because the conditions of the industrial servitude of the great mass of the people are so unsatisfactory that we strive to make them citizens and workers of a Socialist State. But the desire of each man to become his own master is part of the old Adam of Individualism. The time has gone by for carrying on industry by independent producers, such as survive in the cobbler and the knife-grinder, or even by little associations of such producers, like the self-governing workshop in its best form.

Socialists who hanker after these delights have forgotten their Karl Marx. The steam-engine, the factory, and the mine have come to stay ; and our only choice is between their management by individual owners or their management by the community. As miner, mechanic, or mill operative, the worker is and must be the servant of the community. From that service Socialism offers no escape. All it can promise is to make the worker, in his capacity of citizen, jointly the proprietor of the nation's industry and the elector of the head officers who administer it. As citizens and electors, the workers, we may presume, will see that the hours of labour are as short, the conditions of work as favourable, and the allowance for maintenance as liberal, as the total productivity of the nation's industry will afford. Organized in their Trade Unions, moreover, the workers in each department of the nation's service will know how to make their voice heard by their fellow-citizens against any accidental oppression of a particular trade.

And here I must mention a common misunderstanding of a Socialist phrase—the Abolition of the Wage System. Some of our Anarchist friends persist in quoting this as if it implied the entire abolition of the service of one man under the direction of another. To listen to their interpretation one would imagine that they suppose us to contemplate a reversion to the mythical time when every man worked as an independent producer, and enjoyed the

whole product of his individual labour. I need hardly say that Socialism involves nothing of the sort. We propose neither to abandon the London and North Western Railway, nor to allow the engine-drivers and guards to run the trains at their own sweet will, and collect what they can from the venturesome passengers.

By the abolition of the wage-system we mean the abolition of the system now generally prevailing in the capitalist industry, by which the worker receives a wage not determined with any reference to his quota of the national product, nor with any regard for the amount necessary to maintain him and his family in efficient citizenship, but fixed solely by the competitive struggle. This competitive wage we Socialists seek to replace by an allowance for maintenance deliberately settled according to the needs of the occupation and the means at the nation's command. We already see official salaries regulated, not according to the state of the labour market, but by consideration of the cost of living. This principle we seek to extend to the whole industrial world. Instead of converting every man into an independent producer, working when he likes and as he likes, we aim at enrolling every able-bodied person directly in the service of the community, for such duties and under such kind of organization, local or national, as may be suitable to his capacity and social function. In fact, so far are we from seeking to abolish the wage system *so understood*, that we wish to bring under it all those who now escape from it—the employers, and those who live on rent or interest, and so make it universal. If a man wants freedom to work or not to work just as he likes, he had better emigrate to Robinson Crusoe's island, or else become a millionaire. To suppose that the industrial affairs of a complicated industrial state can be run without strict subordination and discipline, without obedience to orders, and without definite allowances for maintenance, is to dream, not of Socialism but of Anarchism.

Peasant Proprietorship.—Is it to the influence of this same yearning for industrial anarchism that we are to

attribute the persistence among us of such a spurious form of Collectivism as Peasant Proprietorship? I do not mean Peasant Proprietorship in its crudest form. I suppose that no Socialist desires to see the land of the country divided among small peasant freeholders, though this is still the ideal professed by many statesmen of "advanced" views. We are, I hope, all thoroughly convinced that economic rent in all its forms should enrich, not any individual, but the community at large. But it is not difficult to trace, in some of those who are keen advocates of Land Nationalization, survivals of economic Individualism. We saw our esteemed friend, Michael Davitt, lending his influence, not to secure the land of Ireland for the people of Ireland, but to tighten the grip which half a million individual Irishmen had on their particular holdings. Many Scotch comrades, too, seem eager to "destroy landlordism" by converting the crofter into a freeholder. Even the Land Nationalization Society cherishes some project of allowing each Englishman, once in his life, to choose for himself a piece of what it professedly desires to obtain for all in common. This seems to me about as reasonable as to propose that each Englishman should be allowed, once in his life, to choose for himself one ship out of the Royal Navy, or that each Londoner should have the right, on his twenty-first birthday, to appropriate for his own use one particular corner of the London parks. The same spurious Collectivism runs through all forms of Leasehold Enfranchisement—a thoroughly reactionary movement, which, I am glad to think, is now quite dead. The agitation for Small Ownings has perhaps more vitality in it; but it is rapidly changing into an agitation for Small Holdings, owned and let by the County Council or some other Collectivist organization. But there are more insidious forms of this Peasant Proprietorship fallacy. What are we to say to comrades who demand that the County Council shall supply artisans' dwellings "to be let at the cost of construction and maintenance only"? At present we allow the landlords of London to put into their own pockets sixteen millions a year of annual ground rental of the bare site. If we were to cover London with artisans' dwellings "let at the cost

of construction and maintenance only," we should simply be handing over these sixteen millions of rental value, towards which the labour of all England contributes, to the particular tenants of our new dwellings. How, moreover, if all buildings are to be let at equal rents, are we to equalize the advantages of a flat overlooking Hyde Park and a similar flat out at Holloway? Since we cannot all live on the best sites, those who do must contribute, for the common benefit, the equivalent of the extra advantage they are enjoying. That is to say, a Socialist State or municipality will charge the full economic rent for the use of its land and dwellings, and apply that rent to the common purposes of the community. To follow any other course would be to fall into the Peasant Proprietorship fallacy.

Now I fully agree with those who urge greater unity of action and charity of conduct in the Socialist Movement. But we cannot rise above mere denunciation of existing evils, and get that "body of systematic political thought" which is at present our greatest need, unless we clear up our own ideas. To do this we must, in all friendliness, criticise any proposal that appears to belong to the Spurious Collectivism which at present confuses the issue. I hope we may learn scrupulously to abstain from personal abuse or denunciation. I trust we shall avoid imputing motives. But if we are to make any intellectual progress at all, we must have a great deal more frank discussion of the details of the Socialist programme. The movement gains nothing by a complacent toleration of Spurious Collectivism. I do not urge the universal adoption by all Socialists of a rigid practical programme, complete in all its details. But our one hope of successful propaganda lies in the possession of exact knowledge and very clear ideas of what it is we want to teach. To mix up, under the common designation of Socialism, proposals which tend to Anarchism with those which tend to Collectivism, to accept Democracy and yet to dally with the idea of catastrophic Social Revolution, to confound Utopianism with modern State Socialism, to waver between a trade or workshop sectionalism and ownership by the community—all this

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argues a confusion of thought which is the worst possible equipment for a successful teacher. If we are to have anything like the success of the early Philosophic Radicals, we must be able, like them, to "explain in the large dialect of a definite scheme" "what are our aims and whither we are going."

IV. TWENTIETH CENTURY POLITICS

By SIDNEY WEBB

A lecture to the Fabian Society, November 8th, 1901. Much of this lecture appeared, under another title, in the "Nineteenth Century," September, 1901, and is here reproduced by permission of the Editor.

IT is not altogether an idle fancy that associates the change of century with a change of thought. The governing ideas to which we look forward, at the beginning of the twentieth century, will, we may be sure, not be those on which we looked back at the close of the nineteenth.

What is going to be the dominant note of Twentieth Century Politics? Certainly, I venture to assert, not the note of Nineteenth Century Liberalism or Conservatism.

What, then, is the matter with Liberalism? For fifty years, in the middle of the last century, we may recognize it as "a great instrument of progress," wrenching away the shackles—political, fiscal, legal, theological, and social—that hindered individual advancement. The shackles are by no means wholly got rid of, but the political force of this old Liberalism is spent. During the last twenty years its aspirations and its watchwords, its ideas of daily life and its conceptions of the universe, have become increasingly distasteful to the ordinary citizen as he renews his youth from generation to generation. Its worship of individual liberty evokes no enthusiasm. Its reliance on "freedom of contract" and "supply and demand" with its corresponding "voluntaryism" in religion and philanthropy, now seems to work out disastrously for the masses, who are too poor to have what the economists call an "effective demand" for even the minimum conditions of

physical and mental health necessary to national well-being. Of all this the rising generations of voters became deadly tired, and Liberalism collapsed in consequence.

The decline of Liberalism.—I am aware that it is an amiable delusion of many good Liberals that the collapse of their party at the end of the nineteenth century was due merely to temporary causes—to the South African war, to personal quarrels among the leaders, or to the Home Rule Bill. But the smashing defeat of 1895 was only the culmination of a steady alienation from Liberalism of the great centres of population, which began to be visible even in 1874. London and Lancashire persisted in this adverse verdict. The most startling feature of the election of 1885—still prior to the Home Rule Bill—was the extent to which Liberalism was rejected by the boroughs. This, and not the ephemeral dispute about the war, is the bottom fact of the political situation. Thirty years ago the great boroughs were enthusiastic for Liberalism. By an uninterrupted process of conversion they became flatly opposed to it. The fact that to-day the Conservative Party finds its chief strongholds, not in the lethargic and stationary rural counties, drained of their young men, but in the intellectually active and rapidly growing life of the towns (containing two-thirds of the nation), proves that Liberalism does not express the Progressive instinct of the twentieth century. It held that position for so large a part of the last century that it came to believe that it held it by natural right. How was it that it lost it?

A new England.—The answer is that during the last thirty years we have become a new people. "Early Victorian" England now lies, in effect, centuries behind us. Such things do happen. The processes which make one generation differ from another operate sometimes slowly and imperceptibly, sometimes quickly and even suddenly. At one period centuries may pass without any discoverable difference in the mind or character of a nation. At another new ideas are precipitated and new parties crystallized almost before the old parliamentary hands have time to

prove their visionariness. Such an epoch of transformation we now recognize, to cite only one instance, in the reign of Elizabeth. We note, within a single generation, a distinct change in the content of men's minds. Their standpoints are shifted. Their horizons are suddenly enlarged. Their whole way of considering things is altered, and lo ! a new England. In the same sense the historian of the future will recognize, in the last quarter of the nineteenth century, the birth of another new England. Elizabethan England changed because Englishmen became aware of new relationships. They saw themselves linked on, almost suddenly, with the past in classic antiquity, and with the future in America. The England of this generation is changing because Englishmen have had revealed to them another new world of relationships, of which they were before unconscious. This time it is not a new continent that the ordinary man has discovered, but a new category. We have become aware, almost in a flash, that we are not merely individuals, but members of a community, nay, citizens of the world. This new self-consciousness is no mere intellectual fancy, but a hard fact that comes home to us in our daily life. The labourer in the slum tenement, competing for employment at the factory gate, has become conscious that his comfort and progress depend, not wholly or mainly on himself, or on any other individual, but upon the proper organization of his Trade Union and the activity of the factory inspector. The shopkeeper or the manufacturer sees his prosperity wax or wane, his own industry and sagacity remaining the same, according to the good government of his city, the efficiency with which his nation is organized, and the influence which his Empire is able to exercise in the councils, and consequently in the commerce of the world.

"Thinking in communities."—Hence the ordinary elector, be he workman or manufacturer, shopkeeper or merchant, has lost his interest in individual "rights," or abstract "equality," political or religious. The freedom that he now wants is not individual but corporate freedom —freedom for his Trade Union to bargain collectively,

freedom for his co-operative society to buy and sell and manufacture, freedom for his municipality to supply all the common needs of the town, freedom, above all, from the narrow insularity which keeps his nation backing, "on principle," out of its proper place in the comity of the world. In short, the opening of the twentieth century finds us all, to the dismay of the old-fashioned Individualist, "thinking in communities."

Now the trouble with what I venture to call nineteenth century Liberalism is that, by instinct, by tradition, and by the positive precepts of its past exponents, it "thinks in individuals." It visualizes the world as a world of independent Roundheads, with separate ends, and abstract rights to pursue those ends. We see old-fashioned Liberals, for instance, still hankering after the disestablishment and disendowment of all State Churches, on the plea of religious equality; meaning that it is unfair to give any public money or public advantage to any denomination from which any individual taxpayer dissents. But if it be so, all corporate action is unfair. We are all dissenters from some part or another of the action of the communities of which we are members. How far the maintenance of a State church really makes for national well-being—how otherwise than by national establishment and public endowment we can secure, in every parish, whether it cares and can afford to pay for it or not, the presence of a teacher of morality and an exponent of higher intellectual and social life—is a matter for careful investigation. But the notion that there is anything inherently wrong in compelling all citizens to help to maintain religious observances or religious instruction of which some of them individually disapprove, is part of the characteristically Whig conception of the citizen's contribution to the expenses of the social organization, as a bill paid by a private man for certain specific commodities which he has ordered and purchased for his own use. On this conception the Quaker is robbed when his taxes are spent on the Army and Navy; the Protestant is outraged by seeing his contributions help to support a Roman Catholic school or university; the teetotaler is wronged at having to provide

the naval ration of rum. Nineteenth century Liberalism was, in fact, axiomatically hostile to the State. It is not "little Englandism" that is the matter with those who still cling to such views; it is, as Huxley and Matthew Arnold correctly diagnosed, administrative Nihilism. So far as political action is concerned they tend to be inveterately negative, instinctively iconoclastic. They have hung up temperance reform and educational reform for a quarter of a century, because, instead of seeking to enable the citizen to refresh himself without being poisoned or inebriated, and to get the children thoroughly taught, they have wanted primarily to revenge their outraged temperance principles on the publican and their outraged Nonconformist principles on the Church. Of such Liberals it may be said that the destructive revolutionary tradition is in their bones; they will reform nothing unless it can be done at the expense of their enemies. Moral superiority, virtuous indignation, are necessities of political life to them; a Liberal reform is never simply a social means to a social end, but a campaign of Good against Evil. Their conception of freedom means only breaking somebody's bonds asunder. When the "higher freedom" or corporate life is in question, they become angrily reactionary, and denounce and obstruct the most obvious developments of common action as "infringements of individual liberty," "municipal trading," or—dreadest of all words—"bureaucracy." They feel no desire to promote the greatest possible development of municipal activity, the most comprehensive extension of the Factory Acts, or the fullest utilization of the Government departments in the service of the public. They quite honestly consider such aims to be mischievous. They are aiming at something else, namely, at the abstract right of the individual to lead exactly the kind of life that he likes (and can pay for), unpenalized by any taxation for purposes of which he individually disapproves. They are, in fact, still "thinking in individuals."

Liberalism and the Empire.—The same atomic conception of society, transferred from the State at home to the British Empire as a whole, lay at the root of much of the

feeling of nineteenth century Liberalism with regard to foreign and colonial policy, and may even be detected colouring the fervid propaganda of Irish "Home Rule." Twentieth Century Politics will be based, it appears to me, not on abstract rights of "nationalities," but on the concrete administrative necessities of definitely organized commonwealths; not on racial autonomy, whatever the geography—an obsolete tribal notion which would give us an empire of the Jews—but on territorial democracy, whatever the mixture of race. Exactly what geographical areas will best serve as administrative units, and exactly what degree of local self-government each grade in the hierarchy of units will enjoy, is a difficult problem in political science, towards the solution of which the nineteenth century has contributed little. Meanwhile Twentieth Century Politics for this country will certainly assume the maintenance, as against all external aggression, of that great commonwealth of peoples styled the British Empire, including within itself members of all races, of all human colours, and nearly all languages and religions. We, at any rate, are precluded from assuming or admitting that any distinct "nationality," just because it imagines itself to have ends which differ from, and, perhaps, conflict with, the common interests of the Empire as a whole, has, therefore, an abstract right to organize an independent government and pursue those ends at whatever cost to its colleagues or neighbours. The abstract right to unfettered freedom in self-government, which we all see that we must deny to the individual, cannot be accorded to the family, the tribe, the race, the parish, the city, the county, the province, or the state. Our obvious duty with the British Empire is, not to "run" it for our own profit, or with any idea of imposing Anglo-Saxondom on a reluctant world, but to put our best brains into the task of so organizing it as (consistently with the paramount aim of its maintenance as a whole) to promote the maximum individual development of each geographical unit within its bounds. And as with the factory or the slum at home, it is clear that this maximum of individual development will not be secured by allowing each unit to pursue its own ends without refer-

ence to the welfare of the whole. The central idea of the old Liberalism, hostile as it was to the development of the State within these isles, was therefore naturally unsympathetic to the deliberate organization of the Empire oversea.

Conservatives as caretakers.—Has then the nation become Conservative? Not in the least. The pleasant-mannered young gentlemen of no occupation, the portly manufacturers and the estimable country squires who sit on the Conservative benches, as every one who knows them personally will admit, no more share the feelings of the new England of the town electorate than does Mr. Morley. Far from having learnt to think "in communities," there is no satisfactory evidence of their having, in politics, learnt to think at all. When they win, their very triumph is not their own. They are elected, not in order to put Conservatism into power, but in order to keep Gladstonianism out. Two advantages, indeed, they have, which make their election possible. The modern Conservative candidate is politically a man without prejudices. No abstract principle forbids him to listen sympathetically to any proposal for reform. Hence he seems on the platform less belated than the nineteenth century Liberal, with his stock of shop-soiled principles at full price. And, most useful of all at the present juncture, the modern Conservative, unlike the Gladstonian Liberal, is quite happy and ungrudging in paying out the Imperialist commonplaces which convey to a constituency a stimulating blusterous impression that he is conscious of the British Empire as a whole. Into this blusterous impression the enthusiastic voter is allowed to read as much consciousness as he himself has attained to of Imperial rights, duties, and interests in the sphere of world politics. This, however, is mere hustings manner. Conservative cabinets at work, like Conservative members in the House of Commons, show themselves no more in accord with the new England of the twentieth century than do the Liberals. When the question is one of making any more effective use of the State departments, Mr. Austen Chamberlain is as old-fashioned as Mr. Morley. As to our Presidents of the Local Govern

ment Board, they are about as much at home in twentieth century municipal affairs as King James the First would be in a modern trade arbitration. Whether they are called Fowler, Chaplin, or Long, makes no difference that is discoverable by the provincial town clerks or the chairmen of the committees of the London County Council ; all alike are impenitent decriers of the magnificent social structure that is rising all over the country, ignorant of their duties, missing their great opportunities, and naturally hostile to any extension of the local government activity which has already far outgrown their knowledge and capacity. In the efficiency of the public offices the elector has, to put it as moderately as possible, no more confidence to-day than he had in the nineteenth century. It may be an injustice to meritorious ministers in humbler station, but there is every reason to believe that the British public takes Sir Henry Campbell-Bannerman and Mr. Arthur Balfour as types of their respective Governments. Now these gentlemen simply do not believe in the possibility of improvement in human affairs—a view which is rather the philosophy of an independent income and a great position than of the mass of electors existing in obviously improvable circumstances.

The Party of National Efficiency.—It appears, then, that without some new grouping of the electorate, without the inspiration of some new thought, no virile and fecund Opposition, let alone an alternative Government, is conceivable. No front Opposition Bench can be really effective—still less can it cross the floor of the House of Commons—unless it expresses, not alone the views of its own political partisans, but also the inarticulate criticism of the mass of the community. Outside the narrow ranks of the “political workers” of either party, the millions of citizens are quietly pursuing their ordinary business—weavers at the loom, mechanics at the lathe, teachers in the schools, ministers of religion toiling in the slums of our cities, doctors going their rounds, manufacturers at their mills, merchants and bankers journeying daily to their offices, patient investigators working out scientific problems,

public-spirited men and women struggling "gegen die Dummheit" on Town Councils and Education Committees. It is these men's judgments on public affairs, these men's impressions and aspirations, which, in the England of to-day, give force and backing to the words of statesmen. And if now we inquire what it is that comes into these men's minds when they read their newspapers, when they, in their particular callings, impinge on some corner of public administration, or when, in their own lives, some public disaster comes home to them, there is but one answer. They are not thinking of Liberalism or Conservatism or Socialism. What is in their minds is a burning feeling of shame at the "failure" of England—shame for the lack of capacity of its governors, shame for the inability of Parliament to get through even its routine business, shame for the absence of grip and resourcefulness of our statesmen, shame for the pompous inefficiency of every branch of our public administration, shame for the slackness of our merchants and traders that transfers our commercial supremacy to the United States, shame for the supineness which looks on unmoved at the continued degradation of our race by drunkenness and gambling, slum life, and all the horrors of the sweated trades, as rampant to-day in all our great centres of population as they were when officially revealed fifteen years ago. This sense of shame has yet to be transmuted into political action. The country is ripe for a domestic programme, which shall breathe new life into the administrative dry bones of our public offices. The party and the statesmen whom these men will support, the leaders for whom they are hungering, are those who shall convince them that above all other considerations they stand for a policy of National Efficiency.

The abolition of sweating.—For such a policy of National Efficiency, there can be no other starting-point than the condition of the people. To-day, in the United Kingdom there are, Sir Robert Giffen tells us, not fewer than eight millions of persons, one fifth of the whole population, existing under conditions represented by a

family income of less than a pound a week, and constituting not merely a disgrace, but a positive danger to our civilization. These are the victims of "sweating" in one or other of its forms, condemned, as the House of Lords' Committee emphatically declared, to "earnings barely sufficient to sustain existence; hours of labour such as to make the lives of the workers periods of almost ceaseless toil; sanitary conditions injurious to the health of the persons employed, and dangerous to the public."

The first and most indispensable step towards National Efficiency is the healing of the open sore by which this industrial parasitism is draining away the vitality of the race. There is no doubt about the remedy, no uncertainty among those who have really worked at the problem. We have passed through the experimental stage of factory legislation, and we now know that it is no mere coincidence that these eight millions of persons correspond almost precisely with the sections from whom we have hitherto withheld the effective protection of the Factory Acts. The statesman who is really inspired by the idea of National Efficiency will stump the country in favour of a "National Minimum" standard of life, below which no employer in any trade in any part of the kingdom shall be allowed to descend.

The National Minimum.—He will elaborate this minimum of humane order—already admitted in principle in a hundred Acts of Parliament—with all the force that eloquence can give to economic science, into a new industrial charter, imperatively required, not merely or even mainly for the comfort of the workers, but absolutely for the success of our industry in competition with the world. With the widespread support which this policy would secure—not only from the whole Trade Union world and the two millions of organized co-operators, but also from ministers of religion of all denominations, doctors and nurses, sanitary officers and teachers, Poor Law administrators and modern economists, and even the enlightened employers themselves—he would be able to expand our uneven and incomplete Factory Acts into a systematic

and all-embracing code, prescribing for every manual worker employed a minimum of education, sanitation, leisure and wages, as the inviolable starting-point of industrial competition.

Housing the people.—But factory legislation alone, however effective and complete, can secure a "moral and material minimum" only so far as the conditions of employment are concerned. Even more than in the factory, the Empire is rooted in the home. How can we build up an effective commonwealth—how, even, can we get an efficient army—out of the stunted, anaemic, demoralized denizens of the slum tenements of our great cities? Can we, even as a mere matter of business, any longer afford to allow the eight millions of whom I have already spoken—the "submerged fifth" of our nation—to be housed, washed, watered worse than our horses? Is it not clear that one of the first and most indispensable steps towards National Efficiency is to make really effective that "National Minimum" of sanitation which is already nominally compulsory by law? This means a great extension of municipal activity in town and country. It means a new point of view for the Local Government Board, which must cease to do evil and learn to do well, by dropping its lazy routine of obstruction and discouragement, and rousing itself to be prompt with its stimulus, eagerly oncoming with its help, and, when necessary, swift and ruthless with its compulsion. For the Local Government Board has, though no President seems to be aware of it, an even higher duty in sanitation than stimulus and help. It is the guardian of the National Minimum. To it is committed the great trust of seeing that no single family in the land is denied the indispensable conditions of healthy life. So far as house accommodation, ventilation, good drainage, and pure water are concerned, Parliament has long ago embodied this National Minimum of sanitation in universally applicable Public Health Acts, which it is the duty of the Local Government Board to enforce upon local authorities just as drastically as these ought to do upon individuals. Can anything be more preposterous in a

business nation than to allow (as a succession of Presidents of the Local Government Board have long allowed) one locality after another, merely out of stupidity, or incapacity, or parsimony, demonstrably to foster malignant disease and bring up its quota of citizens in a condition of impaired vitality? Why does not the Local Government Board undertake a systematic harrying up of the backward districts, regularly insisting, for instance, that all those having death-rates above the average of the kingdom shall put themselves in order, improve their drainage, lay on new water supply, and insure, by one means or another, a supply of healthy houses sufficient to enable every family to comply with the formula of "three rooms and a scullery" as the minimum necessary for breeding an even moderately Imperial race? Every medical officer knows that it is quite possible, within a generation after the adoption of such a genuine enforcement of the National Minimum of sanitation, to bring down the average death-rate by at least 5 per 1,000, and the sickness experience by at least a third. The equivalent money gain to the community would be many millions sterling. A single friendly society, the Manchester Unity of Oddfellows, would, it has been calculated, save a quarter of million annually in benefits alone. I measure my words when I say that the neglect of the Local Government Board to enforce even the existing legal National Minimum of sanitation, causes each year more deaths than the most calamitous of our wars.

Raising the standard of life.—A Ministry really inspired with a passion for National Efficiency would, however, know how to use other instruments besides compulsion. The Government must set itself to raise the standard of life. This is specially the sphere of local initiative and corporate enterprise, of beneficent competition rigorously stopped by law from the downward way, but freed, stimulated, and encouraged in every experiment on the upward way. We have seen how the Local Government Board has necessarily to be always coercing its local authorities to secure the National Minimum; for anything beyond that

minimum the wise Minister would mingle premiums with his pressure. He would, by his public speeches, by personal interviews with mayors and town clerks, and by the departmental publications, set on foot the utmost possible emulation among the various local governing bodies, as to which could make the greatest strides in municipal activity. We already have the different towns compared, quarter by quarter, in respect of their death-rates, but at present only crudely, unscientifically, and perfunctorily. Why should not the Local Government Board avowedly put all the local governing bodies of each class into honorary competition with one another by an annual investigation of municipal efficiency, working out their statistical marks for excellence in drainage, water supply, paving, cleansing, watching and lighting, housing, hospital accommodation, medical service, sickness experience and mortality, and publicly classifying them all according to the result of the examination ? Nay, a Minister keenly inspired with the passion for National Efficiency would call into play every possible incentive to local improvement. The King might give a "Shield of Honour" to the local authority which had made the greatest progress in the year, together with a knighthood to the mayor, and a Companionship of the Bath to the clerk, the engineer, and the medical officer of health. On the other hand, the six or eight districts which stood at the bottom of the list would be held up to public opprobrium, whilst the official report on their shortcomings might be sent by post to every local elector, in the hope that public discussion would induce the inhabitants to choose more competent administrators.

Grants in aid.—If honour and shame fail to appeal to the ratepayers of our most backward communities, there remains the potent lever of pecuniary self-interest. For England has, almost without being aware of it, invented exactly that relationship between central and local government which enables the greatest possible progress to be made. To let each locality really manage its own affairs in its own way—the anarchic freedom of American local administration—is not only to place an intolerable burden

upon the poorer districts, but also to give up the all-important principle of the enforcement of a National Minimum. On the other hand, to subject the local authorities to the orders of a central government—the autocratic Minister of the Interior of continental systems—would be to barter away our birthright of local self-government for the pottage of bureaucratic administration. The middle way has, for half a century, been found through that most advantageous of expedients, the grant in aid. We see this in its best form in the police grant. When each locality did its own "watching" in its own way, thieves and highwaymen enjoyed as much liberty as the local governing bodies themselves. When this state of things became unendurable, eager reformers urged a national police force. But England had an anti-Napoleonic horror of a centralized gendarmerie, acting under orders from London. The solution was found in an empirical compromise. Parliament has, since 1856, required by statute that every county and every borough in Great Britain shall maintain an efficient police force.

A compulsory minimum.—This is the policy of the National Minimum. But as the local authorities very much disliked providing anything like enough police, and as the enormous growth of an uneducated and almost desperate "proletariat" which was produced by the industrial revolution forced successive Governments to be very much in earnest about police efficiency, they applied a potent stimulus to it. A grant in aid of the cost of the local police force was offered to the justices and town councillors—at first one quarter, and now one half, of their actual expenditure on this service, however large this may be. As the grant is conditional on the force being maintained in efficiency, the Home Office is able, without impairing the independence, or offending the dignity of the local authorities, to inspect all the provincial police forces. The Home Secretary has no power to order any improvement, but his annual inspection enables him to call pointed attention to any shortcomings, and to observe with circumlocutory official politeness, that if the defect should not

have got itself remedied, somehow or another, before the next inspection, he might find himself under the regrettable necessity of withholding the certificate, without which the Exchequer contribution (in which the Police Grant is now merged) cannot be paid. The result of this constant expert criticism and central pressure, coupled with the unlimited grant in aid, is that the strength and efficiency of the provincial police forces has increased during the past generation by leaps and bounds, without any loss of local autonomy, and without the creation of any centralized bureaucracy. We need not consider whether this very great development of the county and borough police was or was not required for national efficiency. The point is that, as successive Ministers really wanted it, they were able, by their fortunate discovery of the instrument of the grant in aid, *varying automatically with the growth of the service, and conditional on its efficiency*, to bring about the improvement they desired. The story of the establishment and progressive efficiency of the English provincial police force is destined to become a classic example of the perfect relationship between central and local self-government.

Unfortunately ministers have had so little desire for efficiency in any other branch of local government, and have made so little study of the subject, that grants in aid have been, in other directions, perverted into mere doles in relief of the rates. Nineteenth century Liberalism—really unsympathetic to efficient government administration—simply hated them all, even the police grant, with an undiscriminating hatred. But the grants in aid are there, to the extent, all told, of some fifteen millions sterling annually; and no ministry dependent on the rate-payer's vote will ever dream, by withdrawing this subsidy, of suddenly raising rates by two shillings in the pound. What we have to do is to give up all pretence of abolishing grants in aid, or even of objecting to their inevitable increase, in order to enlist their aid in the promotion of National Efficiency. A mere rearrangement of the existing infertile subventions would enable a separate grant to be made, on conditions similar to those of the

present police grant, in aid of each branch of local administration which it is considered desirable to promote, not only for police and schools, but for such humdrum but fundamentally important services as roads and bridges, paving and lighting, water-supply and housing, baths and wash-houses, parks and libraries.

Regeneration of poor relief.—Passing from the municipal services of daily life to the collective provisions for those sections of the community who are avowedly unable to provide for themselves, what a vista of urgently needed reform is opened up by the Poor Law! Three-quarters of a century ago the nation was saved from hideous disaster by the little knot of social investigators who, by inventing the workhouse test, found the means of stopping the pauperism of the able-bodied. The central department charged with Poor Law administration adopted this invention, and has lived on it ever since. Liberal and Conservative Ministers alike have done their best, even at the cost of some public uneasiness, to maintain the "principles of 1834." But a government department cannot, any more than a business undertaking, go on living for ever on a single invention. The semi-penal workhouse was excellent for its purpose of a test of able-bodied destitution. We now know that it is the worst possible place for the children, the sick and the aged, who comprise the vast majority of present-day "paupers." But the Local Government Board has never incorporated this new truth. Twentieth Century politics, applied to the relief of the poor, will replace the present critical and repressive attitude of the Local Government Board by a positive programme of Poor Law reform. What an energetic President would take in hand would be, not only the vigorous discouragement of outdoor relief to the *able-bodied* (women no less than men), but an equally vigorous insistence on the humane treatment of the aged, the most scientific provision for the sick, and, above all, the best possible rearing of the "children of the State." In no branch of the work of the Local Government Board is there more opening for improvement than in the case of the children. Here and

there, indeed, enlightened Boards of Guardians have, after many difficulties, extracted the approval of the central department for carefully considered plans of "scattered homes" and "cottage homes," "boarding-out" and emigration. But in scores of unions up and down the country the Local Government Board tolerates, year after year, a treatment of pauper children quite "Early Victorian" in its parsimonious thriftlessness. There are still thousands of children in actual workhouses, still tens of thousands in ophthalmic barrack schools; the level of their education is still such that, to give only one example, not a single pauper child in all London has ever won one of the London County Council's junior scholarships. In spite of the decay of apprenticeship, practically nothing has yet been done to give them any genuine technical instruction; and hundreds of them are still annually bundled off the hands of the Guardians into such occupations as hair-cutting and shaving, from which they are destined, in too many cases, to recruit the ranks of unskilled labour. Or take again the treatment of the sick poor. When a man is ill, the only profitable thing for the community is to cure him as thoroughly as possible with the least possible delay. Yet it cost years of patient struggle before William Rathbone and other far-sighted philanthropists could force the Local Government Board to require trained nurses or even to allow Boards of Guardians to train nurses for the sick poor. Even to this day, whilst some workhouse infirmaries are nearly as well equipped as a good hospital, they are all understaffed. What is far graver, the Local Government Board allows dozens of unions to go on year after year with workhouse sick wards, so foul, so badly equipped, and so destitute of adequate medical and nursing staff—in short, so far behind the standard of an up-to-date general hospital—as plainly to delay recovery. Year after year its own officials report the same shortcomings—in one case going so far as to declare that the Guardians ought to be indicted for manslaughter. Yet no President has grit enough to put his foot down, and enforce, upon these backward unions, even the standard of the rest.

The National Minimum of education.—So far I have been dealing with the prevention of disease and premature death, and the building up of the nervous and muscular vitality of the race. This, it is clear, Twentieth Century Politics will regard as the primary duty of Government. But it is not enough that we rear a physically healthy race. The policy of National Efficiency involved a great development of public education. Here again the law is in advance of the administration. So far as the schooling of children is concerned, Parliament has long since endorsed the policy of a National Minimum, to be compulsorily enforced on every locality and every individual. The guardian and interpreter of this National Minimum is the Board of Education. No Education Minister has ever found the House of Commons cut down his estimates, or express anything but satisfaction at the growth of the education vote. The Board of Education, moreover, has full powers to fine, dissolve, and even to supersede any local authority that fails in its duty. So far as instruction up to fourteen is concerned, it is clearly not the fault of Parliament if any child, in any part of the kingdom, is denied the most efficient education that pedagogic science can devise.

Unfortunately we have never yet had a Prime Minister or a Chancellor of the Exchequer who had any conception of the duty of the Government to insist on National Efficiency in education, or, with the one exception of Mr. Arthur Acland, an Education Minister who had any power of standing up either against his own permanent staff, or against the unwarranted but frequent interferences of the Treasury with educational policy. Unfortunately, too, both Conservatives and Liberals have, in dealing with primary education, been hampered by the particularism in schools which stands in the way of any national policy of education. One party has backed denominational schools, and has only grudgingly admitted the need for School Boards. The other party, with at least equal intolerance, has backed Board Schools, and only grudgingly allowed denominational schools to exist. The result of this sectarian and unsectarian narrowness, and of the

incapacity of the Education Department itself, is that, after a whole generation of nominal compulsion, we are still only at the beginning of the task. Over at least a fifth of England, the schools, the training of the teachers, the scope and content of the curriculum, and even the attendance of the children, are so inferior as to amount to a national scandal, whilst only in the picked samples of a few towns do we rise to the common level of Switzerland. It is in the class-rooms of these schools that the future battles of the Empire for commercial prosperity are being already lost. What the country now needs, and what it will presently clamour for—perhaps too late—is a national policy in education. It is tired of the old particularism in schools. So long as freedom of conscience is maintained, and reasonable public control secured, the younger generation cares not a jot what particular modicum of religious instruction is combined with the secular education. It has not the slightest wish to starve out the Church or the Roman Catholic schools, and really prefers them to go on supplying a useful alternative to municipal administration. And seeing that we cannot possibly shut up the non-provided schools, which educate half the children in the land, the ordinary non-political citizen cannot see why the old feud should any longer be allowed to paralyse national education ; why both sets of schools cannot once for all be frankly accepted as equally parts of the national system ; why the Board of Education cannot do its statutory duty and firmly bring up all schools, whatever their management, to the same high (and annually rising) national standard of secular efficiency ; and why the whole necessary cost of these improvements should not be freely granted, under reasonable conditions of audit and control, from national funds. And the tantalizing thing is that all this needs no further legislation. The President of the Board of Education could decree it all to-morrow, after one Cabinet Council, by a stroke of the pen. All that stands between us and a really effective National Minimum of education is a strong Education Minister who really knows his business, who is backed by his Cabinet against the natural resistance of the Chancellor

of the Exchequer to the necessary increase of the grant, and who will stand no insubordination from either his own or the Treasury clerks.

But all this concerns only primary education, which the nation thought that it had settled as long ago as 1870. It is now quite prepared to see the building up of an equally national system of secondary education, and even of university education of a certain sort. In nothing, indeed, does our Government incur more discredit than its failure to carry through a secondary education programme of a sweeping kind. The man in the street cannot be interested by carefully minimized reforms, effecting nothing but such half-hearted changes as only experts can understand. His imagination and patriotism must be roused by a large-hearted plan for bringing the whole of our educational machinery up to the level of that of any other country. Assure him politely that energetic local authorities here and there will presently provide technical schools and a scholarship ladder, and he will not even pretend to understand what it means; but he will wake up if he is told that the whole system is to be so reorganized that every clever child in every part of the country shall get the best possible training that can be devised. To get this done he quite realizes that there must be a much more substantial grant in aid of secondary education.

Twentieth century universities.—Moreover, the man in the street, though he knows nothing accurately, has got into his mind the uncomfortable conviction that Germany and the United States are outstripping us, not merely in general education and commercial "cuteness," but also in chemistry and electricity, engineering and business organization in the largest sense. Nothing would be more widely popular at the present time, certainly nothing is more calculated to promote National Efficiency, than a large policy of Government aid to the highest technical colleges and the universities. The statesman who first summons up courage enough to cut himself loose from official pedantries on this point, and demand a grant of half a million a year with which to establish in the United

Kingdom a dozen perfectly equipped faculties of science, engineering, economics, and modern languages would score a permanent success.

I can indulge in no further detail. The policy of National Efficiency here sketched out for the Home Office, the Local Government Board, and the Board of Education, needs, of course, to be worked out in equal detail for the other departments. The energetic rehandling of the Budget (which now yields no more per head than it did a hundred years ago), so as to assert the claims of the State as the sleeping partner in the unearned increment both of urban land values and the huge gains of monopolized industry ; the reform of local taxation on the lines of an assessment according to site-value instead of the present penalizing of the building and improving of houses ; the rescue of our present "tied" refreshment houses from the tyranny of the brewer, and the adjustment of their number and hours of business to the actual needs of each locality ; the reform of the House of Commons by confining all ordinary speeches to a quarter of an hour, and the increased devolution of business to committees—all these are but points in the same policy of National Efficiency by which every part of the central and local machinery of the State—not to say also the wider commonwealth of the Empire—needs to be knit together into an organically working whole.

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